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ABSTRACT

When the national forests were withdrawn from the public domain a century ago, they were established with the assurances that proceeds from the sustainable management of their natural resources would be shared with local governments. These proceeds partially refund the tax revenues lost by local governments and go toward funding rural schools, roads, and other services. Since 1990, controversies over federal forest management policies and reduced timber sales have decreased these payments dramatically, leaving many rural schools in difficult circumstances. A Senate subcommittee held hearings on proposed legislation that would establish a set amount to be paid to affected local governments and apply available receipts to meet these payments, with general treasury funds making up the difference. Only 75 percent of the payments would go to the traditional schools and roads program; 25 percent would be given to the counties for federal-land management projects developed locally. The bill aims to provide secure funding for rural schools while giving people a new incentive to work together at the local level. Testimony from U.S. Senators; county commissioners; and representatives of organizations advocating school, environmental, community, and timber industry interests discussed details of funding mechanisms, the balance between economic and ecological concerns, the composition and duties of local advisory committees, the risk of catastrophic wildfires, and issues related to community survival. (SV)

RC

S. HRG. 106-376

SECURE RURAL SCHOOLS AND COMMUNITY SELF- DETERMINATION ACT

HEARINGS BEFORE THE SUBCOMMITTEE ON FORESTS AND PUBLIC LAND MANAGEMENT OF THE COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

S. 1608

TO PROVIDE ANNUAL PAYMENTS TO THE STATES AND COUNTIES FROM NATIONAL FOREST SYSTEM LANDS MANAGED BY THE FOREST SERVICE, AND THE REVESTED OREGON AND CALIFORNIA RAILROAD AND RECONVEYED COOS BAY WAGON ROAD GRANT LANDS MANAGED PREDOMINANTLY BY THE BUREAU OF LAND MANAGEMENT, FOR USE BY THE COUNTIES IN WHICH THE LANDS ARE SITUATED FOR THE BENEFIT OF PUBLIC SCHOOLS, ROADS, EMERGENCY, AND OTHER PUBLIC PURPOSES; TO ENCOURAGE AND PROVIDE NEW MECHANISMS FOR COOPERATION BETWEEN COUNTIES AND THE FOREST SERVICE AND THE BUREAU OF LAND MANAGEMENT TO MAKE NECESSARY INVESTMENTS IN FEDERAL LANDS, AND REAFFIRM THE POSITIVE CONNECTION BETWEEN FEDERAL LANDS COUNTIES AND FEDERAL LANDS, AND FOR OTHER PURPOSES

OCTOBER 5, 1999

OCTOBER 19, 1999



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SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT

TUESDAY, OCTOBER 5, 1999

**U.S. SENATE,
SUBCOMMITTEE ON
FORESTS AND PUBLIC LAND MANAGEMENT,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.**

The subcommittee met, pursuant to notice, at 3:28 p.m. in room SD-366, Dirksen Senate Office Building, Hon. Larry E. Craig presiding.

OPENING STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Senator CRAIG. The subcommittee will come to order. Let me apologize on behalf of Ron Wyden and myself for our tardiness. We have had a series of votes on the floor, so we will move ahead. Senator Wyden is en route.

Good afternoon to all of you. We are here this afternoon to receive testimony on S. 1608, the Secure Rural Schools and Community Self-Determination Act. Senator Wyden and I introduced S. 1608 with full intention of this being both innovative, bipartisan, and being an educational measure that protected children and schools in rural areas that will be considered by this Congress.

Indeed, that is how the National Education Association has described this bill in a statement for the record of this hearing urging its expeditious passage. Without objection, I will include the entirety of the NEA statement in the record immediately following my opening statement.*

Our rural schools throughout the West and the country as a whole have suffered as Federal forest lands have been beset by conflict and as the receipts promised to counties for educational purposes have decreased dramatically. While we may never be able to resolve the conflict over Federal lands, and I am sure a healthy debate will continue well beyond our time, we must move forcefully to address the crisis in our rural schools.

When the national forests were withdrawn from the public domain at the turn of the century, they were established with a basic commitment to local governments. Gifford Pinchot persuaded often skeptical Federal and local government officials that retention of lands by the Federal Government, the creation of forest reserves, and the sustainable management of these forests would be good for

* The statement has been retained in subcommittee files.

local people, good for local governments, good for the country, and good for the environment.

These assurances were based on the proposition that the proceeds from the sustainable management of the fiber, forage, and other resources from the reserved Federal lands would be shared. Consequently, cooperative management between local governments and Federal land managers has been a hallmark of the good inter-governmental cooperation, as local governments have incurred costs from increased police, search and rescue, and fire protection associated with Federally owned lands.

Receipts from our Federal forests have been crucial to the education of our children. These funds have supported school lunches, special education, and assistance for our most needy rural children, including Native Americans and Hispanics.

Today, Federal forest management policies have become controversial. Timber sales have been reduced and the revenues have decreased precipitously. Unfortunately, rather than coming together to forge a solution to these problems, the extremes on both sides of the debate have actually moved further away, placing our school children literally in the center of the controversy.

One group seems to want to hold our school children hostage to the use of diminishing receipts and the deteriorating schools systems as leverage to advantage their side of the forest management debate, favoring increased timber harvest. The other extreme would make our rural school children orphans, sending them into the wilderness with no secure financial support, in order to expedite the achievement of their goals of eliminating timber sales altogether.

Senator Wyden and I, and I hope everyone in Congress, will be able to reject both extremes. We reject the notion that we cannot provide the school system with additional support without increasing timber harvest. At the same time, we reject completely decoupling the support for rural schools from any responsibility on the part of the Federal agencies, thereby totally separating local concerns from Federal land management.

Indeed, the most telling flaw in the proposal to decouple county payments from timber receipts is the notion that this responsibility, willingly assumed by the Forest Service and the BLM, should be transformed into the sole responsibility of the Federal taxpayers, because it will then become no one's responsibility, another entitlement program which the Federal Government and the taxpayers will feel free to eliminate, reduce, or leave, only to ignore.

Our proposal starts by establishing a set payment amount with which the counties can support rural school systems. This payment is based on the average of representative years of timber receipts. This aspect is similar to the proposal offered by the Clinton administration and to H.R. 2389. But here the similarity stops.

We would not establish a separate appropriation line, which would certainly be unfunded or underfunded like the existing payment in lieu of tax system that the counties were led to believe was their way out of the wilderness, only to find it was only part way out. Nor would we impose the responsibility to meet this payment on the Forest Service or the BLM annual budget.

Instead, we allow the Forest Service and the BLM to use any available receipts to meet these payments, and only if these receipts fall short to make up the difference from unobligated funds of the general treasury. The intent is to retain an obligation on the part of the Forest Service and the BLM, but to provide some flexibility in meeting this obligation.

Then, based upon our experience with community-based consensus solutions to Federal land conflicts, our proposal contains a unique element, Senator Wyden's idea actually, to foster both local consensus and Federal accountability around the management of our Federal lands. Only 75 percent of the money to be given to the counties is provided for the traditional school and roads program. The remaining 25 percent would be provided to the counties for Federal land management investments.

The counties may find either commercial or noncommercial projects on the Federal lands at the recommendation of a local advisory group and with the agreement of the Federal land managers. Projects must comply with all environmental laws and regulations and must be consistent with the applicable land management plan. Any proceeds from revenue-generating projects will be split equally between the affected counties and the Federal land management agency. The county share will go toward supporting schools and roads, while the Federal share will go to ecosystem restoration or infrastructure maintenance.

This proposal neither encourages or discourages a particular resource management outcome, but it does have a very heavy prejudice that Senator Wyden and I have become very passionate about. We are in favor of people of goodwill reasoning together to improve the quality of their lives and the quality of their environment.

Now let me turn to my co-sponsor, Senator Ron Wyden, for his opening remarks. Senator Wyden.

[The prepared statement of Senator Johnson follows:]

PREPARED STATEMENT OF HON. TIM JOHNSON, U.S. SENATOR FROM SOUTH DAKOTA

S. 1608 addresses a problem that has been plaguing states for over a decade—the steady decline of payments to states under the 25 Percent Fund Act. These payments are critical to states with public lands, as they partially refund the tax revenue lost by counties because of the presence of the federal government. Counties depend on these payments, based on revenue from timber sales in National Forests, to help improve their roads and schools.

Since 1990, these payments have fallen from approximately \$350 million to less than \$250 million. This dramatic decrease has hindered counties' abilities to undertake new transportation and education projects, some of which are badly needed. In my state of South Dakota, the Black Hills National Forest and revenue from its timber sales are of paramount importance to several counties, and I am deeply concerned about the trend of declining payments to states.

For these reasons, I am proud to cosponsor S. 1608. This bipartisan legislation will stabilize 25 Percent Fund payments at a high level—equal to 100 percent of the average of the three highest payments since 1985. For states, this higher level of payment surely will be welcome, but perhaps what will be more valuable is the peace of mind that will come from knowing payment levels are guaranteed—not inextricably bound to the performance of the Forest Service.

I am also pleased at the efforts of the bill's sponsors to broaden the use of 25 Percent Fund payments. While S. 1608 reserves the majority of payments to states for the traditional use by counties, it allows for one-fourth of payments to states to be used for a new purpose. Creating a cooperative pool that will help fund resource management or restoration projects will be of great use to counties as well as the Forest Service, and it will help improve the lands that bind these two levels of government.

I look forward to reviewing testimony about this important legislation, and I thank the Chairman and Ranking Member for their leadership on this issue.

**STATEMENT OF HON. RON WYDEN, U.S. SENATOR
FROM OREGON**

Senator WYDEN. Well, thank you very much, Mr. Chairman. In particular, thank you for the many, many hours that you and your staff have put in into this effort. I think that it is very clear that our challenge is to break the gridlock on this issue that has put rural schools on the ropes. We have got to find a bipartisan plan to address this extraordinary set of problems that this issue has visited upon rural communities. I just want to thank you for all the help and goodwill that has been shown.

I am just going to make a couple of additional comments, Mr. Chairman, because I think your statement has addressed this issue very well.

Mr. Chairman and colleagues, when we began this discussion, Chairman Craig and myself, there were essentially two camps in this whole discussion. There was one group that said we ought to just sever the connection of these payments with the land and we ought to end that whole discussion about timber receipts based on various particular cut levels and we ought to just send the counties a payment and that would be that.

Then we had another group 180 degrees in opposition, that said if we do not get the cut high enough, if we do not get the cut up as high as we would like, well, we will just take it out of the hide of the Forest Service and they will not have some particular conservation program or some wildlife program or a variety of other kinds of programs that are also important.

Chairman Craig and I said we are going to find a third path through the woods, we are going to find an alternative between these two kinds of poles. So, what we do in our legislation is ensure that from this point on rural communities will have secure funding for the schools and the essential services that they rely on, and we will put in place a new incentive to get people to work together at the local level.

Now, Mr. Chairman, I was reading the testimony last night from some of the witnesses and others who filed their views and they talked about how this program incentivizes timber cutting and the like. The fact of the matter is, for the twenty first century what you and I are incentivizing is the notion that people ought to try to work together at the local level. That is what is being incentivized in this bill.

In this bill, with those 25 percent dollars, that special program that we establish, we bring together all of the key stakeholders—the environmental community, business leaders, scientists—all of the key stakeholders and say, we want you to try to find common ground on projects that the Forest Service has said are part of the twenty-first century Forest Service.

In some communities that will be tourism and recreation. In other communities it will be road maintenance. In other communities it may be a thinning project. But we incentivize through a new approach communities coming together to find that common ground.

Now, in the old days what happened was if somebody did not agree they would come to the U.S. Congress and they would ask Senator Burns and Senator Craig and myself and everybody else to lock their way of doing things into the law. We call this sufficiency language. We essentially said it is our way or no way; we are going to write it into the law that you have got to do it our way and you cannot go to the courthouse, you cannot go much of anywhere to have a remedy.

Well, what Chairman Craig and I said is we are going to look at a different approach. We are going to say, if folks cannot come together at the local level and do it in line with the environmental laws and do it in line with forest plans, well, here is a radical notion: We are going to steer the money to communities that can find a consensus. We are not going to bar anybody from the courthouse. We are just going to say that when other people can find a consensus they are going to have the opportunity to tap some of these additional funds.

The last point that I would want to make, Mr. Chairman, is that we say explicitly in the bill that to tap those 25 percent dollars you have got to comply with all of the environmental laws of the United States, you have got to make sure it is in line with any forest plan that exists, and finally, Federal land managers have the last word.

This is not taking Federal lands and bucking them back to localities and saying you can do anything you want. This is in effect giving Federal land managers, as they have today, the last word on these kinds of projects.

So, I am very excited about the opportunity, with the Secure Rural Schools and Community Self Determination Act, to build on some of the hearings that we have had in this subcommittee, Mr. Chairman, to look at ways to bring people together, to get beyond what I call the lawyers' full employment program, which to some extent today just has everybody suing everybody else when they do not happen to agree with each other on natural resources, and come up with the kind of approach that I hear people in the West talking about, which is to protect our treasures, to protect these treasures that God has put on our part of the planet—land and air and water—but do it in a way so that folks who live in Jane O'Keeffe's community and other parts of rural Oregon can also know that we are concerned about their economic needs and we are not going to let resource-dependent communities in rural Oregon and the rural West die.

Mr. Chairman, I look forward to our witnesses. We have got a very good panel, and I just appreciate all the goodwill and assistance that you and your staff have given us.

[The prepared statement of Senator Wyden follows:]

PREPARED STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

It is time for Congress to enact a new program that combines secure funding for county services with a fresh approach to the management of federal lands in rural communities.

Under this legislation, sponsored by myself and the Chairman, the counties will be connected to federal lands not just through the cutting of timber as they are now.

This bill envisions a future where counties are connected to federal lands through important road maintenance projects, watershed improvements and programs that promote tourism and recreation.

Since 1908, natural resource dependent communities have received Federal funds for schools, roads and basic services based on the revenue generated from timber cut on federal land.

Now, as a result of changes in natural resource policies, many of our rural communities are finding it almost impossible to fund essential programs for school children, infrastructure and other needs.

There is a crisis in rural, timber-dependent America that must be addressed now.

Senator Craig and I discussed at great length how this might be accomplished because we realized early on that no pending proposal addressing the county payment issue had won the support of both the Congress and the Clinton administration and we feel that it is imperative that something be passed this year.

In an effort to break this gridlock, we developed the Secure Rural Schools and Community Self-Determination Act.

Our proposal would work as follows:

First: Counties will receive a consistent payment amount each year totaling 75% of the average of the top three federal land revenue years for their area between 1985 and the present, tied to the Consumer Price Index for rural areas. That consistent payment amount will be a combination of traditional Forest Service and BLM revenues plus direct spending from the general treasury where the traditional revenue stream does not rise to the level of the necessary consistent payment amount.

Second: Counties would receive an additional 25% of the average amount described above from the general treasury to recommend to the Forest Service or the Bureau of Land Management projects to accomplish on the land ranging from watershed restoration to forest road maintenance to timber harvest or beyond.

The key, Mr. Chairman, and distinguished guests is that this bill requires that all projects

be founded in compromise

be in compliance with all applicable forest plans

and be in compliance with all applicable environmental laws.

The Forest Service and Bureau of Land Management must certify that a local consensus of environmental, industry, and other stakeholders exists and approve the proposed project as environmentally sound. If consensus proposals cannot be developed in a particular county, then the money will be made available to counties that have developed such proposals.

We believe that this bill has the potential to break the impasse on the county payment issue on Capitol Hill.

But even more importantly, it represents an opportunity to forge a new charter for federal/county government cooperation, to encourage local citizens to seek consensus-based solution for resource conflicts, and to make critical investments in the stewardship of our federal lands.

This proposal will not please the proponents favoring pure decoupling of payments from timber harvest. It will also be opposed by those who are prepared to hobble the Forest Service or the Bureau of Land Management if they feel the timber harvest levels are not high enough. But we can neither agree with those who would hold our school children hostage for their ambitions nor those who would abandon our children in pursuit of their objectives.

I believe this bill provides a foundation for helping rural communities through their immediate crisis, and down a path that will make sense in the next century.

I look forward to hearing from all the witnesses today—especially those with constructive criticism. I think this bill, and this Chairman, express some creative approaches to management in the forests and I look forward to exploring these fully.

Senator CRAIG. Ron, thank you very much.

Now let me turn to my colleague from Montana, Senator Conrad Burns.

Conrad.

STATEMENT OF HON. CONRAD BURNS, U.S. SENATOR FROM MONTANA

Senator BURNS. Thank you very much, Mr. Chairman. I will just put my statement in the record.

Senator CRAIG. Without objection.

Senator BURNS. I just wanted to make a couple of comments. We know the PILT thing is not working the best for counties that are

reliant on—that have a large part of their counties in lands under BLM. We have to find some way, and I want to congratulate the chairman and my good friend from Oregon for working out this scheme. I think possibly it has an awfully good chance. I would hope it would be, anyway.

But we cannot go to direct payment. We cannot decouple, completely decouple, because if we do then there is not going to be anybody working and you ain't going to need any money. You ain't going to need roads, you are not going to need schools. There is just not going to be anybody there, because there is not going to be anybody working. But that is the way some folks want it, sad but true.

Now, to me this whole situation has a face on it. We lost a mill down at Darby the other day and we are going to have some more go down, not because there is not lumber, not because there is not a resource, but because we have got some wrong-headed people that absolutely believe that there was nothing there before the tree and if this tree leaves there will be nothing in the future.

I have never seen people who know less about the relationship of soil and sun and water and a renewable resource than we have right now running around this country and propounding themselves to be great, great enthusiasts of the environment, the so-called environment.

So I am sorry about that. But we have to do something, and I want to congratulate my two colleagues for working out this. We want to be a part of this because we understand that jobs are at stake, a resource is at stake.

To give you an idea, we are growing over 100 million board feet in one forest in Montana a year. The Forest Service plans to cut 19. We will be lucky to cut 6. We will lose more trees to mortality, just getting old and dying, like all of us do. You know, we are all just circling the drain in the first place. They do, too, and that is a resource that this country sorely needs, and we also need it to keep our communities together.

Thank you very much.

[The prepared statement of Senator Burns follows:]

PREPARED STATEMENT OF HON. CONRAD BURNS, U.S. SENATOR FROM MONTANA

Mr. Chairman, thank you for the opportunity to address the committee this afternoon. As you know I have been working with the timber counties for quite a while. We have been working to find a way to address the problem of declining timber receipts off of our public lands.

As you know, the counties share in the receipts produced off of the forests within their boundaries. These funds are used for schools, infrastructure, and county services. However, with the Forest Services inability to produce adequate amounts of timber, these revenues have declined and left counties struggling to keep classrooms open, roads paved, and emergency services operable.

Because the federal government not only fails to pay taxes on these lands, but also prevents others from utilizing them to create wealth, it is only fair that we come up with a plan to compensate local government for this hardship. However, we cannot allow the Forest Service completely off the hook. Without timber produced, jobs are lost. Along with those jobs go entire communities. It doesn't make sense to create a payment for schools if all the jobs are lost and there aren't any students in the area five or ten years from now.

Because of national politics that fail to realize the importance of timber jobs, and forest products it is difficult to find a workable solution. Whether they want to admit it or not, every single American is dependent upon wood fiber on a daily basis. Which is fine. Timber is a renewable resource. However, the zero-cut advocates have boxed us in a corner where we must try to create policy that allows har-

vests to be done responsibly, but keep our schools running without the ability to find compromise. The zero-cutters, with the full blessing of the current Forest Service leadership, just want to shut the forests down and deny the fact that we rely on wood products to keep the country running.

Mr. Chairman, I don't envy your position, and I like some portions of your legislation. Counties need help and they need it urgently. My only concern is that we look for a compromise that ensures that the Forest Service is held responsible for not managing the natural resource they were put in place to manage. When the Forest Service was created, it was created to manage a sustainable yield off our public lands. That was the true heritage of the organization. Some Forest Service employees under the current administration would like to revise history and tell you the Forest Service is supposed to turn the West into wilderness, but that is not the case. I urge the Chairman to move forward with this legislation, but to keep in mind that there must be some accountability involved. We cannot allow this legislation to let the Forest Service off the hook to the detriment of our rural communities.

Senator CRAIG. Well, we will now move from circling the drain—

[Laughter.]

Senator CRAIG [continuing]. To seeing how we can put a plug in that circle and slow down the gravitational pull.

Senator BURNS. It cannot be done. It cannot be done, old friend. It gets awful fast.

Senator CRAIG. Thank you much, Conrad.

Let us turn to our first panel, which is a tremendously diverse panel, but I think giving us a reflection hopefully on this issue, and we are looking forward to your testimony. Let me introduce before the committee: Bob Douglas, superintendent of schools, director, National Forest Counties and Schools Coalition, from Tehama County, California; Ms. Jane O'Keeffe, commissioner and chair, Oregon Public Lands Committee; Jack Summers, Jr., superintendent of schools, Liberty County, Florida; Steve Troha, Allegheny Forest Coalition, Pennsylvania; Phil Davis, commissioner, Valley County in Idaho; the Honorable Chris von Doen—

Mr. VON DOENHOFF. "Hoff."

Senator CRAIG. "Hoff"

Mr. VON DOENHOFF. H-o-f-f.

Senator CRAIG. Just h-o-f-f, not f-o-f-f.

Mr. VON DOENHOFF. No.

Senator CRAIG. No.

Mr. VON DOENHOFF. H-o-f-f.

Senator CRAIG. I was trying to go "foff." All right.

Senator BURNS. Call him Chris.

Senator CRAIG. Welcome. County judge, Houston, Texas, along with David Schmidt, commissioner, Linn County, Oregon.

Superintendent Douglas, we will start with you. Please proceed, and pull the mike as close as possible so all of us can hear.

STATEMENT OF BOB DOUGLAS, ADMINISTRATOR, NATIONAL FOREST COUNTIES AND SCHOOLS COALITION

Mr. DOUGLAS. Thank you, Mr. Chairman. Good afternoon. I am Bob Douglas, the administrator of the National Forest Counties and Schools Coalition, which is a unique grassroots coalition of 750 national, State, regional, and local organizations from 36 States. We have banded together as allies in addressing the problems being faced by schools, communities, families, and children in the rural forest counties of America.

We represent the interests of over 800 counties, 5,000 school districts, and over 1,200,000 rural public school students in America. Appended is a list of our member organizations and I would like to submit that for the record if I may, Mr. Chairman.

Our coalition has assembled out of a common need to reverse a 10-year decline in Federal forest receipts for our public schools and county governments and, equally important, to replace the extreme poverty in our communities, families, and children with the hope and promise of economic self-sufficiency and social stability.

I will not go through all of the statistics, but the chairman framed the problem very well in his opening remarks. It is for all of those reasons that we as a coalition are especially thankful to Senator Craig and Senator Wyden for sponsoring S. 1608 and for your steadfast commitment to addressing the circumstances before faced in rural forest counties across our Nation.

We are very pleased with the following features of the bill which coincide with the principles of the coalition. For a long time we have not equitably addressed the needs of all forest counties and your bill does so.

It makes no change in the 1908 Act nor the 1937 Act. It provides safety net payments based on the average of the three highest years since 1985 and provides indexing for those payments to a rural CPI. And as our principles for our organization point out, it promotes local government participation and community-based partnerships.

Finally, we agree with both of you that providing a positive incentive for counties, schools, and communities to partner with Federal agencies on forest management and forest restoration projects is a creative and very fine feature of your bill.

We are very supportive of these elements and we are impressed with the general approach taken by the bill, but we do have some recommendations which we believe will strengthen the effectiveness of the bill and allow our members to fully support it in its final version.

The first is that we believe that a phased implementation schedule for the payments used to support investments in resource management and restoration projects should be inserted in the bill. We favor a 10 percent beginning point and increasing to a maximum of 20 percent, instead of 25 percent.

We believe also that the bill should add a seventh purpose. The seventh purpose should say something like this: to generate adequate and stable revenues for forest counties and schools and to encourage through cooperative projects active, sustained multiple use management of Federal forest lands.

We have two recommendations to make with respect to the project approval and the memorandum of understanding. The first is that we believe that the approval of projects and the approval of project memoranda of understanding should be completed at the forest supervisor and the BLM district manager level.

We make this recommendation because we believe that these positions are the highest level administratively in each agency that, No. 1, will be knowledgeable about the planning and the project preparation process. They are the people within the organization who are ultimately charged with the responsibility of comprehen-

sively implementing forest plans and resource management plans. They are in close relationship to counties and schools that will be served by these projects. And they are sufficiently knowledgeable about forest health issues on the ground in that forest.

With respect to the negotiated memorandum of understanding, we are concerned about the percentage of overhead that could be charged and would have to be negotiated, and we favor the idea of some kind of maximum charge that would essentially be a ceiling above which the agency could not charge overhead.

We also have talked about and certainly have not reached closure on this, but we have talked about the idea of equally sharing overhead costs with the agency, between the county committee and the agency.

Time lines are a concern of ours, and in particular we believe that the appointing officials, whoever they are within the agency, need to be required to make appointments in a timely manner. We think that 6 months is a timely manner after enactment of the bill.

We also have a concern about the time frame for obligating funds within 1 year. We think that, given the complexity of many of these projects and the first year startup challenges, that at least for the first year it is important that the time frame perhaps be 2 years. We are not certain that 2 years all along would not be a good idea. It does not preclude us doing it faster than that, but it would prevent the loss of funds prior to that time.

Division of project proceeds. We have communicate, I think, with staff about our concern that the proceeds from projects should be presented in such a way that it is equal and that the trust funds would be deducted after the division of funds.

With respect to appointing the committees, we believe that, since all counties are involved in this process and their funds will be put up, that all counties should have members appointed, either chief school executives or elected county commissioners.

Finally, we would recommend that the national committee that is in H.R. 2389 be added to this bill. We think that mechanism is an important mechanism to have a long-term conversation and to move toward consensus and get past the gridlock, and we believe that mechanism in H.R. 2389 does that. We would suggest that an additional role for that national committee would be the monitoring of this local committee process and reporting annually to Congress on the breadth, scope, and effectiveness of those projects.

Again, thank you very much for the opportunity to share the coalition's thoughts with you on how to strengthen the bill, and we applaud your effort.

Senator CRAIG. Well, Mr. Douglas, let me thank you very much.

Before we turn to Ms. O'Keeffe, let me turn to our colleague from Oregon, Senator Gordon Smith, who is co-sponsor of the legislation, and ask him for his opening comments.

STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Senator SMITH. Thank you, Mr. Chairman. I will save your time and put my statement in the record.

Senator CRAIG. Without objection.

Senator SMITH. But let me just thank you and Senator Wyden for your leadership on this issue. I am proud to be a co-sponsor, an original co-sponsor with you, and I would like to extend a special welcome, well, to all of them, but to the Oregonians that are here, Mr. David Schmidt, the Linn County commissioner, Ms. Jane O'Keeffe, commissioner and chair of the Oregon Public Lands Committee, and Mr. Doug Robinson, who is on your second panel, who is the president of the Association of O&C Counties. We are delighted to have you here.

Thank you, sir.

[The prepared statement of Senator Smith follows:]

PREPARED STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Mr. Chairman, I appreciate your willingness to hold this hearing today on S. 1608, the Secure Rural Schools and Community Self Determination Act. We have several Oregonians as witnesses here today, and I would like to extend a warm welcome to: Mr. David Schmidt, Linn County Commissioner; Ms. Jane O'Keeffe, Commissioner and Chair of the Oregon Public Lands Committee; and Mr. Doug Robertson, President of the Association of O&C Counties.

As an original cosponsor of this bill, I want to thank my colleagues, Senator Wyden and Senator Craig, for all of the work you put into this bill before it was introduced. I think that the bill achieves the dual goals of providing community stability and maintaining the historic cooperative relationship between local governments and the federal agencies.

Over the past 10 years, there has been a dramatic decline in the sale of federal timber, resulting in a corresponding decline in payments to counties. In some school districts, school revenues from the Forest Service have declined by as much as 90 percent.

For example, timber receipts to Grant County, Oregon, for roads and schools declined from a high of \$12.4 million in 1992 to \$1.9 million in 1997. Since last year, schools there have only operated 4 days a week.

The devastation of rural counties over the last decade has been significant in my state. In April 1999, 14 of Oregon's 36 counties had an unemployment rate at least twice the national average of 4.1 percent. There were six counties with unemployment rates in excess of 10 percent, led by Grant County with 16.7 percent.

I'm sure that my colleagues from other public land states could tell similar stories about resource dependent communities in their states.

That's why this bill is so vital to maintaining healthy rural economies and school districts. Payments will be stabilized, and provided as early as possible in the fiscal year. Further, the bill strengthens the historic link between the counties and the federal lands located in those counties by specifying that a portion of the county payments be invested in eligible projects on federal lands.

I know that some of the witnesses here today will offer suggested amendments to the bill. I hope that we can address these concerns and move a consensus bill in the near future, and I pledge to continue working with my colleagues toward that end.

I look forward to hearing from all of the witnesses here today.

Senator CRAIG. Thank you.

Now, Ms. O'Keeffe, we will turn to you, commissioner, and chair of the Oregon Public Lands Committee. Welcome.

**STATEMENT OF JANE O'KEEFFE, CHAIR, LAKE COUNTY, OR,
BOARD OF COUNTY COMMISSIONERS, AND CHAIR, ASSOCIATION OF OREGON COUNTIES PUBLIC LANDS COMMITTEE**

Ms. O'KEEFFE. Thank you, Mr. Chairman, and I thank you for this opportunity to testify today about S. 1608. My name is Jane O'Keeffe and I am chair of the Lake County, Oregon, Board of Commissioners, and I am also chair of the Association of Oregon Counties Public Lands Committee, and I also serve on several committees associated with natural resource management.

Senator Craig, Senator Wyden, thank you deeply for your leadership on this issue of Federal payments to counties and schools with National Forest System lands. Your bipartisan approach is a breath of fresh air from Washington, D.C., to rural America, where we routinely ignore party affiliation and devote our time to problem-solving.

The decline of Federal revenue for roads and schools from timber receipts has reached a crisis point in much of rural America. My county, Lake County, is no different. Our receipts have plummeted from \$5.2 million in 1987-88 to a projected \$293,000 for 1999-2000.

Locally, the Fremont National Forest needs management that allows for rest and restoration. However, the general public still needs the road infrastructure that Lake County provides and maintains. We have 718 miles of road in Lake County to maintain.

We have been asked, why do you not levy a road tax? Frankly, we have nowhere to go on that solution. Property taxes in Oregon are capped and many of our taxing districts are at that cap, and additional property taxes would just decrease the tax amounts available to existing municipalities. Also, 78 percent of Lake County is owned by some sort of government, primarily Federal.

People all across the Nation use our roads as the gateway to Federal lands and we feel it is appropriate to ask the Federal Government for help in funding county roads.

I would like to specifically address S. 1608. First I would like to say that many aspects of the bill are directly on target to assist rural counties. The bill provides for permanent funding outside of the appropriations process. Funding stability is a vitally important piece of this bill. While I support permanent funding, I realize that the legislative process often produces changes to the original bill. If at some time during the legislative process you consider changing the bill or descending from permanent to a reauthorization scenario, please do not consider a time period that is less than 7 years.

Also, I would remind you that most natural resource projects include a strong monitoring piece, and I would urge you to consider the excellent suggestions for monitoring S. 1608 that you will hear other panelists detail.

The funding formula provides for a fair and adequate amount of money to fund county roads and I am very appreciative of this aspect. It would be very disappointing to see any changes in the funding program.

The bill enhances the relationship of the county and local community to the Federal agencies on the management of forests and it gives us money to bring to the table for this purpose. This concept has worked very well in Oregon in the O&C counties in what we call plow-back funds. The bill includes incentives for everyone to build consensus on projects which will enhance both environmental goals and commercial benefits.

I have two specific technical comments that speak to section 6, subsection (b), eligible projects. Item (1) requires that the eligible projects must be nominated and paid for in whole or in part by the county. It is important that the language in this item not be changed. Many States are engaged in important ecosystem enhancement efforts, such as salmon restoration. Counties are gen-

erally supportive of these efforts, but would not look kindly upon State preemption of funds under S. 1608.

Also, I would recommend deleting item (5). Item (2) states basically that projects must be in compliance with applicable resource management plans. Resource management plans by nature already have appropriate secretarial approval. Item (5) seems to require specific secretarial approval for individual projects. Adding this approval layer can greatly slow down the time it takes to get the project working on the ground and is in my opinion redundant.

Finally, under section 6, subsection (d), return of unused funds, please consider amending this section to allow counties 2 years to obligate the funds provided under subsection (a)(1). This amendment would allow counties that are not familiar with this process or that have a more difficult working relationship with their local Federal agencies to form a history of collaboration between the counties and the resource agencies.

Thank you so much, Chairman Craig and members of the subcommittee, for taking the time today to listen to my testimony, and once again a special thanks to Senator Craig and Senator Wyden for co-sponsoring the bill. We spoke to you about our problem and you listened. It's a great concept. Thank you.

Senator CRAIG. Ms. O'Keeffe, thank you very much.

Now let me turn to Jack Summers, superintendent of schools, Liberty County, Florida. Jack, welcome.

STATEMENT OF JACK H. (HAL) SUMMERS, JR., SUPERINTENDENT, LIBERTY COUNTY, FLORIDA SCHOOL DISTRICT

Mr. SUMMERS. Thank you, Mr. Chair. I wish to thank the committee for inviting me to speak at this hearing today. The severity of the problem that this subcommittee is addressing today was given substance by the action taken on September 2 by the Liberty County School District. On that day the district, on behalf of the children of Liberty County, filed an administrative claim in the amount of \$12.4 million against the U.S. Forest Service for damages resulting from the agency's management of the Appalachian National Forest.

The legislation you are considering today is an attempt to remedy the situation which made the claim necessary. For this reason, I am doubly grateful for this opportunity to share my thoughts with you.

Liberty County is a rural county in the Florida Panhandle with about 7,000 population, including 1,300 school children. Half of the land within the county is owned by the U.S. Forest Service within the Appalachian National Forest. Forest Service land management changes over the past 10 years have resulted in a drastic reduction in harvested timber, and I brought with me today figure 1 which shows you the amount that it has been reduced.

[Chart.]

We really saw a drastic change from 1989 to 1998, as you can tell. It has gone from something like 300,000 to less than \$52,000.

The impact on jobs and revenues to the schools and local governments have also been severe, as shown in figure 2.

[Chart.]

This is the returns to schools, to counties and schools. 25 percent payments decline from the 1983-87 average in 1998 dollars of \$1,905,000 to \$220,000 in 1993-98, a loss of 89 percent.

[Chart.]

Figure 3, which you have in your packet today, deserves your special attention. It clearly defines the basic issue, the fundamental problem whose correction is essential for any long-term solution to the tragic circumstances which now confront workers, family schools, and communities within many of our national forest counties.

I respectfully suggest that management agency policies which result in the harvest of only 14 percent of growth allow twice as much timber to die as is harvested, deprive children of their education, and at the same time place their parents on the welfare rolls, deserve your attention. The situation becomes even more distressing considering that these consequences can be expected to fall more heavily on those least able to bear them, the rural poor and, especially in the Southeast, minorities.

The counties and schools welcome the short-term relief and possible new avenues of cooperation with our neighboring land management agencies which are offered by S. 1608. However, it appears that S. 1608's reliance on entitlement, rather than on sound resource management, to solve our local economic and social problems is not in the long-term public interest.

To put it plainly, S. 1608 seems to focus on the symptom, which is reduced 25 percent returns, rather than the disease, improper management of our national forests. For that reason, I urge the subcommittee consider S. 1608 to include the provisions of H.R. 2389, the Deal-Boyd bill, which look towards long-term solutions providing for the sustainable economic self-sufficiency of rural communities. This, together with a time limit on entitlement, will help ensure that the bill in its final form will truly serve the people it is designed to help, and that being by finding a dependable source of revenue.

Again I thank you for allowing me to appear before the subcommittee and to share with you the concerns of the children and citizens of Liberty County and its neighboring Florida counties. Thank you.

Senator CRAIG. Mr. Summers, thank you very much.

Now let us turn to Steve Troha, Allegheny Forest Coalition, Pennsylvania. Steve, welcome.

STATEMENT OF STEVEN K. TROHA, EXECUTIVE DIRECTOR, ALLEGHENY FOREST COALITION, PENNSYLVANIA

Mr. TROHA. Thank you. Mr. Chairman and respected members of the subcommittee: On behalf of myself and the Allegheny Forest Alliance, I thank you for the opportunity to speak to you today.

My name is Steven K. Troha, executive director of the Allegheny Forest Alliance. It is a conservation coalition made up of citizens, school districts, townships and boroughs, and hardwood lumber and veneer manufacturers. We support sustainable forestry, environmental stewardship, and multiple use management of the Allegheny National Forest. It is Pennsylvania's only national forest.

The scientific management activities practiced by the U.S. Forest Service on the Allegheny National Forest since its establishment has produced a vibrant, healthy, highly diverse, and productive ecosystem. As you probably know, though, these same multiple use management practices on the Allegheny are being challenged by a group of individuals who call themselves preservationists. They seek to put a stop to all cutting on the forest, an alternative that is healthy for neither our forest nor the surrounding communities.

Since the discovery of a single Indiana bat, an endangered species, in the Allegheny National Forest, the manipulation of laws has allowed preservationists to achieve their goal of putting a stop to all cutting on the Allegheny National Forest. This clearly goes against the idea of the Organic Administration Act of 1897 that notes that the purpose of the Forest Service managed lands is to "furnish a continuous supply of timber for the use and necessities of citizens of the United States."

The use of this forest is necessary to citizens around the Allegheny, as they rely upon it as their number one industry and also rely upon it for school and township funding.

The area of this bill in discussion today that concerns me the most is that it does not specifically say no to the decoupling of payments from actual gross forest receipts. Any form of decoupling would be disastrous to our area's economy and does not sit well with the principles of the Allegheny Forest Alliance, the National Forest Counties and Schools Coalition, and the citizens residing around the Allegheny.

With this bill and decoupling in general, there is nothing substantial that would give the Forest Service an incentive to produce a timber sale program that generates gross receipts. Without such an incentive, it is a concern that there would be a great reduction in timber sales, thus a severe reduction in jobs in our area and in turn a vast decline in population. It would turn our area into a virtual ghost town instead of the thriving municipalities that a well-managed forest creates.

The possibility of even slight decoupling honestly frightens me. Not only would there be a loss of industry, but history tells us that funding from the government is not entirely reliable, because PILT is never fully funded. Mr. Chairman, we cannot take this risk.

The Allegheny Forest Alliance is pleased that this bill promotes local coordination and community-based partnerships. It allows the community to work with the Forest Service and be involved with the proper management of the forest. It is very important to us, though, that county managers are given the responsibility to nominate individuals to serve on the investment project advisory committees.

As a community, we recognize the need for sustainable economic self-sufficiency through the best use of our natural resources. Due to the tree species of high demand and value on the Allegheny, we have been able to operate successfully, recovering costs and returning money to the schools and townships in our community along with the U.S. Treasury.

A provision is needed that would help require multiple use management so that these valued funds are not wasted as trees rot on the ground. This is neither good for our economy of our area nor

the fragile Allegheny ecosystem. The only way to sustain the asset for our children and grandchildren is to actively manage the forests based on current science.

The Forest Service has done a great job of managing our forest to create a diverse habitat, a habitat so diverse that an endangered species chose to locate itself there. We cannot allow a scientific process that is beneficial to citizens, wildlife habitat, and our Nation's environment to be threatened just because people who do not understand the science behind forest management do not want trees to be cut.

What we need is a long-term solution for this problem to prevent further decline of our national forests and rural communities. We need a method that ensures that the counties and schools receive their payments and that the forest is properly managed. Legislation such as this is a start, and I thank you for your time and efforts. But it is certainly necessary that forestry be connected to the communities. Natural connection between the forests and rural communities like those with the Allegheny cannot be denied.

Without logging, we have no community. We would not have to worry about payments to townships and schools because there would be no one living there and no one going to school.

The Forest Service must be given a reason to continue multiple use management. The energy of our children and the health of our forest are reasons enough. Allowing the U.S. Treasury to pay safety net payments takes away the incentive to properly manage America's national forests because it does not hold the Forest Service fiscally responsible.

Though this bill has several good points, in its present form it would not be beneficial to our community around the Allegheny. For full support, this legislation must encourage the Forest Service to produce a program that generates gross receipts.

The Allegheny Forest Alliance sincerely appreciates this opportunity to testify to you today, and I thank you for your time and interest.

Senator CRAIG. Well, Steve, thank you very much. We appreciate that testimony.

Now let me turn to Phil Davis, commissioner, Valley County, Idaho, my home country. Phil, welcome.

STATEMENT OF PHIL DAVIS, COMMISSIONER, VALLEY COUNTY, ID

Mr. DAVIS. Thank you, Senator Craig, Senator Wyden, Senator Smith.

My name is Phil Davis. I am a member of the Valley County Board of Commissioners, Valley County, Idaho. Thank you for this opportunity to testify on S. 1608, the Secure Rural Schools and Communities Self Determination Act of 1999—more like a Basque surname, long and hard to say.

The wisdom used in the creation of the act is recognized and it is sincerely hoped the title reflects the outcome. However, further study of the possible results is necessary. Without question, the revenue counties and schools have received from timber receipts is needed and deserved, but we cannot look past the conditions of our communities and forests.

In many of our local communities a large portion of jobs, especially the higher quality jobs, are dependent upon the forest industry, the timber industry. In Valley County alone, the resource industry represents at least \$50 million annually to the economy, with the remainder of the jobs being lower paying and often with little or no benefits. The economy, coupled with the potentially disastrous conditions of our forest, must be the true picture of our analysis. We must recognize that this bill may not address these long-term issues.

After this bill is implemented, it is imperative to continue to protect the economy and self-sufficiency of our community and the health and diversity of our forests. This bill is a superficial treatment of the symptoms, but not a cure of the illness.

The resource management restoration projects could become one of the long-term solutions in this legislation. Bringing consensus groups together is a wise decision, but, based on past and current results, implementation may be difficult. For example, the Quincy Library Group followed a similar path as this bill suggests in regard to the formation of a group of diverse interested parties in that area. Their efforts culminated in the Herger-Feinstein Quincy Library Group Forest Recovery Act of October 21, 1998, which was done in cooperation with the Clinton administration. But now a coalition of 140 national environmental groups promises to oppose its implementation.

Based on our experience, if the Forest Service record of decision is blocked by litigation the appellants will likely find a friendly court in the Ninth Circuit Court of Appeals. This assumption is based on the latest effort in which Boise, Washington, Valley, and Gem Counties of Idaho enjoined the Forest Service on an appeal of four timber sales by the Alliance for the Wild Rockies, American Wildlands, and the Idaho Sporting Congress. At the same time, the State's self-proclaimed leading conservation group, the Idaho Conservation League, did not appeal any of these four sales and has publicly stated that they have walked away from a number of timber sales when they have seen no problem with them.

The counties and the Forest Service prevailed in the local Federal court in a decision that ruled there was little or no harm to the appellants if the record of decision was upheld, but a large detrimental impact to the counties and economy were the record of decision overturned. Ron Mitchell said on behalf of the Idaho Sporting Congress: "We are confident that the Ninth Circuit is going to quickly hook up the electricity to the electric chair and they are going to end up being fried at the end of the year for breaking the law and destroying public resources."

While this statement may seem almost laughable to some, the tragedy is that upon receiving the appeal the Ninth Circuit ordered an injunction on the Prince John Timber Sale that was the only one in progress and almost finished. It is interesting to note that the appellant did not request this injunction.

The cease and desist order at this time is environmentally distressing due to the complete stoppage of work on the sale because there is a lot of work that needs done to stabilize soils in preparation for spring runoff, not to mention the waste of 20 or more truckloads of logs laying on the ground to rot.

Three days ago, the court did reconsider their decision and allow some of the environmental practices to take place. They were allowed to haul off the logs that were in the stack, but not to skid any more logs. So at least they did correct their poor judgment.

In many cases it is not in the best economic interest of some environmental industry groups to build consensus with other broad interests. It is likely deemed more advantageous in building membership to remain in the media in opposition to and conflicting with any wise resource use of our public lands. It is with these circumstances in mind that we request that this bill not be deemed permanent and to require reauthorization in the reasonable future.

The Idaho Association of Counties has voted to support H.R. 2389 and we feel that it would be advantageous to add the Forest Counties Payment Committee language to S. 1608, with the intent to use this committee to analyze the success of the final legislation. In order for successful fuel reduction in the forests and to sustain this economy of our rural communities, we must have an avenue to react to difficulties in implementation that this committee could provide.

My final suggestion would be to keep all decisionmaking authority at a level as close to the community which is directly affected as possible. The recent effort to manage public lands by the current administration from the Beltway is largely what brought us here today.

Thank you very much.

Senator CRAIG. Phil, thank you very much for that testimony.

Now let me turn to Chris von Doenhoff—I am getting it down; I have been practicing up here, Chris; thank you—county judge, Houston, Texas—Houston County, Texas.

STATEMENT OF CHRIS VON DOENHOFF, COUNTY JUDGE, HOUSTON COUNTY, TX

Mr. VON DOENHOFF. Thank you, Mr. Chairman. My name is Chris von Doenhoff and I am the county judge of Houston County, Texas, which is about 100 miles from Houston, Texas.

I want to thank the subcommittee and its members for allowing me the opportunity to speak to you today. I have recently concluded a 2-year term as president of the Deep East Texas Council of Governments, which is a 12-county organization, and that 12 counties contains most of the national forest lands that lie in Texas. It is based on that experience that I think I have some view of how all this affects the forest lands in Texas.

Houston County is in the eastern part of Texas. It has a population of less than 22,000 people and it contains 93,228 acres of the Davy Crockett National Forest. To give you an example of what has been going on locally, during the 1996-97 fiscal year the school districts and the county government received in excess of \$1,430,000 from the national forest as a part of our 25 percent payment. Two years later in our recently concluded 1998-99 fiscal year, together we received less than \$140,000. On the county government level, our road and bridge budget averages about \$1,450,000 a year, so you can see when \$600,000 flies out the window there the economic damage it does to our county budget.

I think Senator Burns also hit the nail on the head here, though, that the money alone is not the whole issue. We are not going to have some people standing around here. This diminution in the harvest in the forest is affecting a way of life in east Texas. It has at least seriously damaged our local economy, our people's lives, their chosen way of work. Many of them have chosen this way of work for several generations, and that is why decoupling simply would not work.

At the risk of being redundant, I would like to take this opportunity to share with the committee a few of my observations regarding S. 1608. First, I would say that I certainly support this 3-year funding average as the formula for computing the safety net payments, because that serves to normalize those payments and stays away from extreme highs and extreme lows and winds up being fair to all, or as fair as you can be.

I would assume that most of the people seated at this table, or the counties at least, are rural in nature such as we are. For example, in Houston County you have myself and a secretary, thank God for her, and that is it. There is no other staff. So if we are to participate in any of the projects called for in this legislation, then I think we are going to need access to some outside experts.

I am going to urge the committee to modify the language of the bill along that line, but also to keep the governance of the bill as localized, or the legislation, as localized as possible. I am certainly not interested in building a greater bigger bureaucracy than we already have. Localize it because the needs of Houston County, Texas, are going to be quite different than the needs or the projects of my friends from Oregon and my friends from Pennsylvania. We are totally different in types of timber and the economies and so forth.

We want to push for effective management as opposed to just a greater bureaucracy, and I join with Mr. Douglas on hoping that the overhead cost would be held to a fixed limit as a good suggestion.

Throughout this legislation you will see I find references to the words "Secretary" or "appropriate Secretary," and I am not sure what that really calls for. But to me that means Washington, D.C., and to me that troubles me because it means delay in getting things done. I would hope that you would structure the legislation so that this decisionmaking process, for example, for us would be with the forest supervisor, so that when projects are formulated or designed or recommended that a decision can be made in as reasonably short a period of time as possible.

Lastly, with respect to the committee that is called for under the legislation, I would also hope that any vacancies that occur on this committee would be required to be filled within a fixed period of time because these deadlines promote decisions.

Secondly, I would hope that you would authorize the local government entities to nominate names to serve on these committees from the various interest groups. In Texas, that would include the county commissioners court and the board of trustees of the independent school districts.

I thank you for allowing me this opportunity.

Senator CRAIG. Well, thank you very much for your testimony and those considerations.

Now let me turn to David Schmidt, commissioner, Linn County, Oregon. David, welcome.

STATEMENT OF DAVE SCHMIDT, CHAIR, BOARD OF COMMISSIONERS, LINN COUNTY, OR, ON BEHALF OF THE WESTERN INTERSTATE REGION, NATIONAL ASSOCIATION OF COUNTIES

Mr. SCHMIDT. Good afternoon, Mr. Chairman. Senator Wyden, Senator Smith, good to see you.

My name is Dave Schmidt and I am here today representing the Western Interstate Region of the National Association of Counties, or NACO. I am a county commissioner from Linn County, Oregon, having served nearly 11 years. I have chaired NACO's Public Lands Steering Committee for 2 years. I am past president of the Western Interstate Region and currently serve as a vice chair of NACO's Rural Action Congress.

My county, Linn County, which is in the heart of the northern spotted owl habitat in western Oregon, Washington, and northern California, although terribly shaken from mill closures and great loss of jobs, has had the critically important safety net protection of the 25 percent fund afforded by the President's forest plan. The rest of the West, that I am representing here today, has since suffered extreme declines in public timber harvest, but is not yet afforded any kind of safety net in payments to county school funds, or county road funds and schools, even though many areas have timber harvest reductions exceeding 75 percent or more.

All counties, schools, and their communities desperately need a comparable safety net such as the owl counties have until the year 2003, when that too will expire.

The Western Interstate Region Board at its fall board meeting just last week reviewed and debated the merits and down side of each of the legislative bills offered so far on the 25 percent fund safety net. The WIR Board unanimously agreed to support S. 1608 with the proposed amendments offered by the National Forest Counties and Schools Coalition. The board also voted to support the permanent approach rather than the 5 to 7-year term, but would like to see a formal review of the success of this legislation performed in approximately 7 years.

Certainly the highest 3 years average using 1985 to present 25 percent payments for calculating the payments to counties and schools was deemed to be very fair. The provision to remain coupled with the Act of 1908 as amended is an absolutely crucial piece of this legislation.

The WIR Board strongly agrees with the coalition that the current provisions requiring secretarial approval of investment project advisory committee appointments and committee projects to be funded through the safety net is, at the least, bureaucratically awkward and unnecessary. At the most, this requirement could make an otherwise effective program unworkable.

It is our unanimous view that the county commissioners within a national forest or Bureau of Land Management district should recommend appointments for this committee to the Federal man-

ager closest to the projects, the forest supervisor or BLM district manager if possible. With this kind of arrangement, good participation from a broad representation of local stakeholders can best generate and manage productive investments on the ground, investments purchased by these funds. Certainly an added important benefit will be the building of constructive working relationships between the communities and our Federal partners in this program.

We also agree with the coalition that the modifications to the percentage of total investment funds should be reduced from 25 percent to 20 percent and that the 2-year authorization time frame is necessary to select and manage projects, particularly at the beginning.

There was concern at our board meeting raised that the Forest Service and BLM should somehow be encouraged to provide more of the project planning staff costs within their own budget, not from the proposed 20 percent county and schools portion. The counties' objective is to get the most effective results on the ground. This planning overhead issue should be an important piece for periodic review as well.

Another issue not addressed in S. 1608 is the ability to fund projects extending from Federal lands through private or other public agency lands intermittently located between or below lands managed by the Forest Service or Bureau of Land Management. If there is a good opportunity to improve critical habitat through multiple ownerships, should not these funds be authorized to perhaps coop the funding of a more complete project to include other owners' participation?

In summary, the Western Interstate Region of the National Association of Counties endorses the concepts and provisions of S. 1608 if amended to include those changes offered by the National Forest Counties and Schools Coalition and WIR. The WIR urges this committee to amend the current draft of S. 1608 to include these amendments and to move this legislation to the full committee and the floor of the Senate as soon as possible.

This legislation by itself will not restore the many jobs lost to the recent changes in Federal land management policy, but it can restore some financial stability to those counties and schools now nearing financial catastrophe due to the severely declining revenues from the 25 percent fund and O&C payments.

The Western Interstate Region, counties and schools nationwide very much appreciate the efforts of Senator Larry Craig and Senator Ron Wyden, for their leadership and their work on this legislation. We also appreciate the time this committee has allowed for all of us here today to present our views and suggestions for making S. 1608 a constructive and workable piece of legislation, good for our rural communities and good for our Federal resource lands.

Thank you very much, Mr. Chairman.

Senator CRAIG. Commissioner Schmidt, thank you very much.

I must say that I really appreciate all of your testimony. I value it as constructive and I think the detailed comments that you give all of us are extremely important. We will be asking a series of rather specific questions and as I ask them, starting of you, Mr.

Douglas, anyone else who wishes to comment on that question, we will just work our way down the table and do so.

I have a good many questions because when we do this we want to make sure we do it right. So for sake of time I may only go for one round myself and then I will submit in writing to all of you questions and wish you would respond to them, especially where you are looking at those kinds of constructive comments specific to any adjustments we may want to make in this legislation.

I say this in this context, ladies and gentlemen. Our next hearing on this particular bill will be with the administration and perhaps others, and that will occur on October 19. So we will get these questions out to you immediately and any ability to respond to them prior to that time would be very, very helpful.

Mr. Douglas, let me start with you. I think any of us who come from public land States or areas where there is a community dependent upon public land resources or primarily forest resources clearly recognize the tremendous impact the rapid decline in logging has had on these lands or these school systems and counties over the last decade. In my home State of Idaho it has just been precipitous, and of course it is true in Oregon, it is true certainly in areas of Washington, and now we hear about Pennsylvania certainly, and we are aware of that in those northern counties of Pennsylvania, and it is also true, we know, of Texas and other areas.

We have tried to sort our way through all of this, and recognizing that until our country can collectively agree to change the public policy that is driving changes in public land management, or adjust them anyway and those adjustments resolving the conflicts that I think, Bill, you so well explained, and the timber sales that are in question out in Idaho—certainly it is true in Oregon and in northern California—that we have got to try to resolve this issue and bring about some kind of cooperative effort, bring these kinds of conflicting parties together to see if we cannot get on with the business of managing our lands and, most importantly, responding to the needs of our local communities of interest.

So it is with those thoughts that I ask this first question. And as I have said, any of you who would wish to comment on it, please feel free. But Bob, you recommended a phased in implementation schedule for the investment funds to allow some counties that do not presently enjoy a collaborative working relationship with the Federal agencies the time necessary to develop these relationships. Both you and other witnesses have suggested various formulas for such a phase-in.

Should this phase-in, if adopted, be at the option of the county so that counties who are ready to move forward with the full 25 percent could move forward in that fashion if they choose?

Mr. DOUGLAS. I would certainly support the idea of that being at the option of the counties. Our only concern is the issue that we talked about: Some counties would be disadvantaged at this point because they are not geared up to enter immediately into that process and other counties would be. But certainly that kind of flexibility at the county level, Mr. Chairman, we would support, or I would support.

Senator CRAIG. Any other reaction to that question? Yes, Jane?

Ms. O'KEEFFE. Mr. Chair, I would also support that. Coming from a county that is probably more ready to implement something like that, we would appreciate the flexibility.

Senator CRAIG. Anyone else?

[No response.]

Senator CRAIG. Okay, thank you. Let me ask about your request to cap overhead at 15 percent. I hesitate to make that provision in S. 1608 any more restrictive than necessary, or in other words I would like to leave it as flexible as possible. If the bill stays silent on the overhead rates, would your county members feel comfortable making that part of the project—making that a part of the say project by project agreements, so perhaps in some situations you could negotiate a lower rate?

Mr. DOUGLAS. We have a couple of thoughts on this, and we talked at length a week ago about this in a national conference call of the coalition. The concern is that in some cases project overhead charged against national forest projects are upward in the area of 30 to 40 percent. That would certainly consume substantial percentages of these dollars on the front side.

We can see the scenario developing where we would try to negotiate that with the Forest Service and could not reach agreement and the inability to reach agreement would then hang the project up, and the tight time lines that are in the project relative to you reaching obligation of the dollars would force counties put in that situation at loggerheads with the agency to then have their dollars moved toward those counties that were able to reach that.

That is the concern, and that is why we stated that some ceiling, if you will, Mr. Chairman, for the charging of overhead would be appropriate. The other issue that we talked about was actually sharing overhead costs between the county committee and the agency on an equal basis, and we think there is some merit in that in that both the agency and the county committees, the project committees, would then have some ownership of the preparation costs for a particular project.

Senator CRAIG. Any other reaction to that question? Yes, Mr. Schmidt.

Mr. SCHMIDT. Mr. Chairman, I think largely it is a matter of just controlling costs. If there is a way to encourage a reduction of overhead without stating precisely what that limit might be, why, that I think could be workable. I do not know how that could be written in the language, but it is absolutely scary to not be able to control that kind of cost.

Senator CRAIG. I appreciate your concern. To me that is very legitimate.

Let me turn to my colleague from Oregon, Senator Wyden.

Senator WYDEN. Thank you all. I think this has been an excellent panel. All of you have been very good. I just have a couple observations and then maybe a question or two.

It seems to me that what has happened is each of you and your organizations have become an ideological hostage in this debate over natural resources. We have had, for years, this fight between the position that advocated cutting more timber and the position of the environmental community that we should cut less.

So your predicament with this money for schools and services is going to continue unless we figure out some way to break it. Senator Smith and I are very familiar with the situation with Jane and Dave. You have given some presentations, but what we have heard is essentially the same sort of situation applying all over the country, so it is not just our home State.

Since essentially the beginning of the century, what happened is you got your school money, your school and your money for services, by cutting trees. That is what it was about. And your counties' connection with the Federal land was about cutting trees.

Now with your trees being cut, there is going to be fewer dollars. What Senator Craig and I, with the support of my friend Senator Smith, are trying to say is that in the twenty first century the relationship between our rural counties and the Federal Government is going to be about more than cutting trees. Cutting trees will be a part of it because we think when you are cutting trees in line with the forest plan and in line with the environmental laws that that absolutely should be a part of it.

But it may well be, since I had a town meeting out your way, Jane, recently, it may well be that you decide that you want to put some of those 25 percent dollars into some of those road projects, because when I was in your area and you described the situation with Nevada and the various economic development work that you want to do, it is very clear that roads are going to be absolutely key to the whole economic development of the Lake County area. With the 25 percent money, you would have that option to do it.

It may well be a county in western Oregon may decide to go the tourism route. We are not going to dictate that from Washington. One of the things that really pleases me about I think the three panel members in the middle, essentially Florida, Pennsylvania, and Idaho, is all of you were talking about a desire to get more of the decisionmaking out of Washington, D.C. Well, that is one of the things that we are trying to be responsive to, and to do it in a kind of framework that would be in line with the national environmental laws and the like.

I think there are only two things that I wanted to ask about. I might have a little bit of a difference of opinion. One, this is not the Quincy Project. Remember, the Quincy Project looked at the counties in a different way. We make it real clear that the Federal Government still has the last word. The comment about the Secretary this and the Secretary that; in the real world that is the regional administrator. We are not trying to buck everything back to Washington, D.C.

Senator CRAIG. May I make a comment there? I appreciate, Ron, you pointing that out. It is a phrase or a term of art. When you refer to the "Secretary" in legislation, you are actually referring to the agency, the management agency, and the authority flows down from that position, and that of course can be delegated downward.

You are absolutely right, we do not mean that the Secretary is sitting making all of these decisions. The regional foresters, State BLM directors, those levels of decisionmaking is where that would fall.

Senator WYDEN. And your comment, of course, was being logical. Suffice it to say Washington, D.C., is not always logical about these

kinds of things, and we are glad that Chairman Craig's clarification just hits the nail.

The second thing is that in the Quincy situation there was no threat really of people seeing those dollars and that project go elsewhere. One of the things that I like about what we are trying to do is, instead of the old remedies of going to court if you did not get your way, what would happen is if folks, say in Lake County, did not decide on a particular road project and Lane County decided that there was a project that was appealing to them, tourism or thinning or whatever, the money could go there.

I really think that that adds a new dimension that was not there in the case of the Quincy kind of approach. There never were really any consequences if you did not get the agreement and here there really would be. The stakeholders would have to explain why they continued to argue when they could have had money for roads or something that had widespread agreement.

Now, one of the questions that I had, and let me ask you this, Bob, Bob Douglas with the National Coalition. We would really like to resolve this for the long term. I know that you were talking about revisiting it and the like. We would like to continue to work with you to not have to come back at this every 7 years.

Let me tell you what I am concerned about. Frankly, it is born out of my concern about the decoupling approach. What really troubles me about the decoupling approach is that if you decoupled it today, you come back 8, 10 years from now and you do not have my colleagues here and all of us who basically grew up with this—and I have been doing this essentially since my Grey Panther days. When I was director of the Grey Panthers, some of the senior services, the transportation and the like, came from this program.

You decouple and 10 years from now, when all of us are gone, there is a whole different crowd, people are going to say: Why are we giving all this money to the rural West or the rural South? Why do they get this? And we would then have to go back and have this uphill fight of explaining the reason that we are unique is because the Federal Government owns 52 percent of the State of Oregon and a big chunk of all of your communities.

I want us to see if we can figure out a way where we do not have to revisit this every 7 years. If we continue to work with you on this, Bob, can we see if we can come up with a comprehensive approach and not have to come at this again and again?

Mr. DOUGLAS. You know our principles as a coalition, and that was essentially to do a long-term and a short-term piece. We approached the short-term piece, the safety net, as essentially a short-term solution. We are in the process of evolving a concept here, and I think that I could not sit here and tell you that we would accept as a coalition, as a spokesman for the coalition right now, the idea of a permanent short-term solution, a permanent payment program in and of itself, by itself.

On the other hand, I want to say to you that we are open to looking at the bill in the total context as a comprehensive solution as it evolves, and I would not preclude anything at this point, Senator. We are certainly willing to work with you, and we appreciate the commitment that you have shown to trying to move this forward.

Senator WYDEN. I think that is very helpful. Frankly, if I had it my way right now with a snap of the fingers, I would probably say we ought to have an advisory committee so that we continue to have a way to constantly be looking at these issues and learn about natural resources and the like, and not have to come back and revisit every 7 years and educate folks about what it means in communities where the Federal Government owns more than 50 percent of the land.

But just the fact that you're willing to stay open on that is helpful.

One question for you, Jane. I thought that, based on my summer visit, that you would probably go to the roads area first. If you got this bill or something resembling it into law fairly soon, what do you think would be the projects that Lake County would look at?

Ms. O'KEEFFE. Mr. Chair, Senator Wyden, roads are very, very important to us. The other place that I see Lake County using that money, as Senator Wyden and Senator Smith are aware, in the Fremont National Forest we have a sustained yield unit that used to provide a sustained supply of timber to our local community and we could count on for jobs. As things have changed, we are looking for ways to make that sustained yield unit still be a viable job creator, especially in the restoration area now.

We have already put together a broad-based coalition of environmental groups, local people, and industry, and I can see the unit—some of the watershed projects and things like that in the unit also being used.

Senator WYDEN. Phil, do you want to have at that, too?

Mr. DAVIS. Yes. If I could, I would like to go back to the reason for not wanting to make this permanent. This really feels good, that we have found ourselves with strange bedfellows here from the local government perspective. We have brought together labor, school superintendents, a lot of people that have the same feeling that we do, that we want to fix the problem, the problem not here just being dollars.

The problem with most people in our area is the forest health issue, and that is why we do not want to give this the feeling of finality. Our true desire here is not to burn down the remaining 75 percent of the Payette and the Boise National Forest. We have burnt 25 percent of it. The Forest Service's own numbers say that the remainder—the acres that are in risk of catastrophic wildfires in the last 20 years has gone from 14 to 46 percent.

That is the real issue here, and our hope locally is if we can keep this coalition together by a little bit of risk here, then we will all stay in tune to our environmental needs to fix our forest health issue. And if we can all agree here in panels like we have here, maybe we can get our foot back in the door to fix this, instead of the preservationist attitude to leave it and let nature take its course, which is going to burn it up.

So it is not just a dollars issue. It is actually very much an environmental-forest health issue, that I think we still have to fix that problem.

Senator WYDEN. I hear you. Suffice it to say, today if you wanted to use your 25 percent money for a forest health project, the only things you would have to do is make sure it is in line with the plan

and it has to comply with the environmental laws. What I hear at home is that folks would say: We are dying to do forest health projects if those are our standards.

In fact, Senator Smith and I have helped a variety of counties. Baker County had a watershed project that the two of us pitched in on that was essentially a forest health kind of question. So these issues are going to change with time, and I know about your desire to have a coalition. I think if we can just stay open on this question of insuring that we have a kind of process to keep the group that you are talking about at the table working together, and at the same time not have to educate members of Congress every 7 years when we are under the gun and we are worried about budget agreements and the like, I think that would be good.

The only other question I had was for you, Dave. You talk about the need in your testimony for projects that are cross-jurisdictional and I agree completely with that. In fact, really one of the things I am proudest of is when I came to the Senate Slade Gorton helped me with some changes in the Forest Service with respect to watershed so they could work both public and private lands.

Do you think we just missed that in the bill? Should we make it explicit that you could do cross-jurisdictional projects with the 25 percent money in particular?

Mr. SCHMIDT. Mr. Chairman, Senator Wyden, that is what I would think might have happened, too, because I know the philosophy is to be inclusive and complete. It just seemed to me it excluded that opportunity.

Senator WYDEN. I think you are right. I think we missed it.

Senator CRAIG. Thank you very much, Ron.

Now let me turn to Senator Smith now.
Gordon.

Senator SMITH. Thank you, Mr. Chairman.

I have to first again thank our representatives from the Northwest, California, Oregon, and Idaho, and especially welcome those from Texas and Florida and Allegheny, the Allegheny National Forest. I assume that is Pennsylvania.

I guess what I would say is I think this problem is spreading. It was an interesting experience to me during a recent forest fight that we had on the floor of the Senate to hear Senator Santorum give one of the better speeches with one of the more perceptive insights on this difficulty with multiple use, and he is from Pennsylvania.

I hate to say misery loves company, but I suppose the difficulties we have had in the Northwest, because they are spreading perhaps there will be more of a national understanding of what all of this means to rural communities.

Mr. Troha, I wonder if you can—for my education, what kind of timber are you harvesting or were you harvesting on the Allegheny National Forest?

Mr. TROHA. It is primarily hardwoods, and black cherry is what they are most proud of there and it brings in the most revenue.

Senator SMITH. Prior to the current injunction, what level of timber receipts were you receiving? What percentage of that were for your county operations?

Mr. TROHA. I can give you a breakdown of what the school districts received last year compared to this year.

Senator SMITH. Are most of the receipts used for schools?

Mr. TROHA. Schools and townships.

Senator SMITH. And townships.

Mr. TROHA. Last year Forest County—there are four forests—four counties that surround the Allegheny National Forest. There is Forest County; last year they received \$1,346,000. This year they received \$752,000. McKean County, last year it was \$1,529,000; this year it is \$774,000. Elk County, \$1,263,000 last year; and this year it is \$631,000. Warren County last year was \$1,666,000; this year it is \$901,000.

So as you can see, it is really devastating to our area.

Senator SMITH. What has it done to unemployment, your rates of unemployment?

Mr. TROHA. We are currently looking at doing an environmental impact survey or study through Penn State University. But right now, I have seen the logging yards and the mills and there is definitely not as much wood on them, and you can see that people are out of work.

Senator SMITH. Mr. Summers, I wonder if you can share with us Florida's experience. What is your unemployment rate now in these timber areas of Florida?

Mr. SUMMERS. Let me tell you what has happened in the school system just in the last 2 years. Last year we had 100 less kids that attended school in Liberty County. We were not planning on it, were not aware that this was coming. We were looking at around \$350,000, and you can imagine as a school superintendent trying to make that up. This year we had 78 more kids.

We have had total shutdown of our forest. Most of the employment in our county was from the logging there in the national forest.

Senator SMITH. When Hurricane Hugo hit, was there an increase in need for plywood in Florida?

Mr. SUMMERS. Definitely.

Senator SMITH. And where did that plywood come from?

Mr. SUMMERS. Out of State.

Senator SMITH. Maybe even Canada?

Mr. SUMMERS. Yes. Yes, it was.

Senator SMITH. One of my concerns is we are not as a country, we are not using less in fiber and in paper products, we are using more. All we are doing is simply exporting the jobs that have sustained your public institutions. I just want to make that clear.

While some of the environmentalists I suppose have reason to feel good about our forests if they like how that is being managed now, or rather not managed, we are not stopping the use of the products of the forest. We use them in ever-increasing numbers. I think it is a tragedy that we pat ourselves on the back and then pillage our neighbors' forests.

Mr. SUMMERS. We have been talking to the Forest Service. As I said earlier, we filed an administrative claim September 2. But we had attempted for the past 10 years to talk to the Forest Service and work out some of the very things we are talking about today. But every time I would meet it was on other issues.

So we had no choice in our school system. We either had to do something or shut it down. And since we have done this, they are ready to talk.

Senator SMITH. Steve, you expressed in your testimony grave misgivings of any decoupling. I think what the chairman and Senator Wyden have done is to try to come up with a hybrid to make sure there is not a true decoupling, but to recognize some other values, environmental values, and to protect those, but not to abandon the counties.

Is this level of decoupling or whatever you want to term it, are you opposed to it? Does it cause you concern? Senator Wyden I think expressed some of the concerns he has. I share those.

Mr. TROHA. My concern is that if we do not give the Forest Service an incentive and if we sort of break the connection between the school districts, townships, and the forests, that the loss of industry will cause a vast decline in population, because our area relies on timber very heavily.

Senator SMITH. Do you feel this bill does that?

Mr. TROHA. Yes, to some extent. If that is the case, we lose jobs and the employment, we will not really have to worry about the township funding or the school funding because there will not be anyone going to school or living in the townships.

Senator SMITH. It is really interesting to me. I noticed a lot of the editorials who are opposed to fixing the Northwest Forest Plan who from the East editorialized how horrible Senator Gorton's efforts were, as they editorialized against it they buy their paper from Canada. I think we ought to note that and suggest how wrong that is.

I share your concern, Steve. But we have got to figure out how to get beyond the impasse and help some counties. But I also understand that if we sever this connection between the responsible use of natural resources and the wealth that is created, the prosperity, the standard of living enjoyed by Americans, we will simply sever that connection and the day will come when we realize in the country we have not repealed the business cycle in the U.S. Congress and we will regret the day that we have dismantled our basic industries, all of which are extraction industries of one kind or another.

I share your concern, but again I am a part of this legislation because I am trying to get beyond just the impasse. But I recognize what you are saying is perhaps prophetic.

Thank you, Mr. Chairman.

Senator CRAIG. Gordon, thank you very much.

Jane and gentlemen, thank you all for your testimony. As I have said we will be submitting you with some more questions as it relates to the details and possible adjustments or amendments we may want to propose to this legislation. But we do appreciate you traveling the long distances to get here and to testify and your patience in allowing us to do our day's work also. I do not think we have another vote or we may have another vote starting soon. But anyway, thank you all.

Let me call the next panel forward. I may say to my colleagues, I may have to ask that we rotate here as we hear from this next panel, to allow us to stay on time.

I will now call forward our second panel: Representative Shirley Ringo from Moscow, Idaho; Mr. Mike Francis, director, National Forest Programs, The Wilderness Society here in Washington; Doug Robertson, president, Association of O&C Counties, from Roseburg, Oregon.

Lady and gentlemen, thank you all very much. Representative Ringo, we will turn to you first. Yes, please pull the mike as close as is comfortable so we can all hear you, and we will start with your testimony. Welcome before the committee.

STATEMENT OF SHIRLEY RINGO, IDAHO STATE REPRESENTATIVE, MOSCOW, ID

Ms. RINGO. Thank you. Thank you, Chairman Craig, Senator Wyden, and members of this committee for inviting me to testify before you today on S. 1608. I am Shirley Ringo, resident of Moscow, Idaho. I am a public school teacher, member of the National Education Association, an Idaho State Representative, and one who enjoys and truly respects the great outdoors. I am grateful to have this opportunity to appear before you as an advocate for public schools, children, my constituents, and our beautiful resources.

Some of the issues surrounding this bill have been of interest to me for a very long time. Recognizing that I may be a voice of dissent today, I would like to focus my testimony upon three main points.

First, I have been an educator since 1962, long aware of payments to counties from revenue-generating activities in national forests. I am very familiar with the negative effects of unpredictable sources of funding. In our rural schools, where it is more difficult to acquire voter-approved property tax support, the fluctuations in payments to counties are most devastating. Morale of students, staff, and community suffers. The absence of long-term planning hurts programs. Unpredictable funds tend to go to one-time spending opportunities rather than to be woven into a sustainable plan.

Therefore, I certainly applaud the portion of S. 1608 which would stabilize the payments to counties.

Secondly, northwest of Moscow, Idaho, is a section of forest in which my friends and family have enjoyed many camping, fishing, and hiking excursions. Having heard complaints from my constituents about the management of this land, which includes private, State, and national forest land, I spent some time there last summer to investigate, and I observed the following.

First, with respect to water, in what had been a beautiful forest stream there are now disturbing amounts of algae, stones embedded in silt. The deep pools upon which wild fish depend for their habitat have been filled with silt.

Further into the forest, the reason for this condition becomes clear. The many clearcuts have caused landslides in which large amounts of silt are deposited into the stream and washed downstream. There is a lack of large trees, habitat that they happen to provide, and fire protection qualities which they happen to provide. In short, there has been devastation resulting from intensive logging.

Our State land board, which is charged with managing State lands for profit, would respond to concerns about this by saying it is for our children, funding for our schools. What a strange message to give our children. We should be teaching them to respect and nurture the environment, not overuse it for profit.

Before hearing of the decoupling issue, I felt that I would rather forgo these moneys from forest lands than be party to such devastation. To me, the decoupling concept is the ideal answer. However, I do applaud the features of S. 1608 which I think move us somewhat in that direction, and I am very happy that S. 1608 does not require the Forest Service to make up the difference in these increased payments, as does 2389, the H.R. 2389.

So I can certainly find aspects of S. 1608 which I applaud and I think do move in the right direction. My concern about the bill centers around the use of this one-fourth which is to be tagged for local projects. My concern I will tell you is a very pragmatic one. In the State of Idaho, as many of you probably know, there is quite a plurality for one of the political parties, and I think that they take full advantage of it.

Two or so years ago, the State formed a Federal lands task force which was charged with investigating and making recommendations concerning the use of public lands. The makeup of this task force was very heavily tilted toward those industries that have something to gain by the use of Federal lands for revenue-generating projects. In other words, it would be difficult to look at the makeup of that task force and say that it was not stacked with a particular outcome in mind.

My concern is that it would be possible that we could experience this same type of thing at the county level and that that sort of approach fosters the kind of frustration that leads to litigation and other types of—or types of civil disobedience to perhaps be able to bring about desired results. So I think that we do need the incentive to get the stakeholders to work together. I fear that we are continuing to hold children hostage, though, while we might be waiting for that to occur.

We certainly have a situation in north Idaho where, as you may know, Senator Craig, we have students attending school in an unsafe building while adults are failing to come to a satisfactory conclusion.

So thank you very much. I support the intent of the bill. I believe it continues to link rural funding for education and roads to resource extraction on public lands and I do fear some of the aspects of that. Thank you very much for the opportunity to testify.

Senator CRAIG. Well, thank you very much, Representative Ringo, for your insight. Of course, you come from an area of the State that has been heavily dependent on timber receipts over the years and is finding some change and some adjustment in that.

Now let me turn to Mike Francis, director, National Forest Programs, Wilderness Society. Welcome before the committee.

STATEMENT OF MICHAEL A. FRANCIS, DIRECTOR, NATIONAL FORESTS PROGRAM, THE WILDERNESS SOCIETY

Mr. FRANCIS. Thank you, Mr. Chairman, for this opportunity to testify in behalf of 200,000 members of The Wilderness Society on

S. 1608, the Secure Rural Schools and Community Self Determination Act of 1999.

The Wilderness Society recognizes that Federal land payments to States and counties are important to the economic well-being of many rural communities. For example, in 1996 the Society conducted a study of Federal land payments in 100 counties in the interior Columbia River Basin, including all counties in Idaho, western Montana, eastern Oregon, and eastern Washington. Later this month we will be issuing an up to date study of county payments for all counties in Oregon and Washington.

The Society believes that the Federal Government should fairly and reliably compensate States and counties for the tax-exempt status of national forests and other public lands. However, the current system of basing county payments on revenue-sharing is neither equitable or dependable. For the past 20 years, payments made through the Forest Service's 25 percent revenue-sharing system have fluctuated wildly in response to the ebb and flow of timber supply and demand. The instability has resulted from several factors, such as interest rates, housing demand, international markets, and more recently the competing needs for endangered species habitat and shifting public views about Federal land management.

In recognition of the funding crisis faced by counties in the Pacific Northwest, The Wilderness Society supported the legislative rider sponsored by Senator Mark Hatfield that was enacted in the 1993 Omnibus Reconciliation Act to create the 10-year safety net.

The county payment problem has been further exacerbated by Congress' inadequate appropriations to fund the payment in lieu of taxes program. As of 1998, the appropriations for PILT amounted to just 40 percent of the amount authorized by the Congress in 1993. The Wilderness Society supports current legislative efforts by Representative Don Young and others to guarantee full funding of the PILT program.

Another key flaw in the current revenue-sharing system is the incentive that it creates for State and county government officials to support logging and other uses of Federal lands that maximize revenues. The Office of Technology Assessment identified this pro-logging incentive as a problem in 1992 and suggested that the Congress replace the current system with a fair compensation.

In sum, the Society supports changes in the Federal land payments system that will provide fair, adequate, and stable funding for State and county government and rural communities and that will decouple the payments from Federal land management. Conversely, we oppose changes that will tend to perpetuate or increase incentives for logging and other commodity production on Federal lands.

The Wilderness Society opposes S. 1608 in its current form because the bill would markedly increase incentives for resource exploitation of national forests and other Federal forests. First, S. 1608 fails to decouple county payments from the timber revenues. Section 4(b) gives the counties their traditional share of Forest Service and BLM revenues in the event that the revenues exceed the historical payment levels. While future timber revenues are unlikely to exceed the guaranteed payments in the Pacific Northwest,

that is not the case with respect to many national forests in the East and elsewhere in the country. Thus, counties would continue to have an economic incentive to advocate greater logging and other revenue-generating activities on Federal lands.

Second, S. 1608 would create new financial pressures on the Forest Service to increase logging and other revenue-generating activities. Section 4(d) provides that the funds to make the guaranteed payments to counties will be taken first from Forest Service revenues, fees, and other receipts. Counties could only receive payments from the general funds of the Treasury if the Forest Service receipts are insufficient to make the guaranteed payments.

The bill shelters receipts that are deposited on the forest trust fund, such as the Knutson-Vandenberg Fund for timber stand improvement and wildlife mitigation. However, it does not cover a variety of other Forest Service accounts, including brush disposal, range betterment funds, which are funded by receipts and provide millions of dollars each year to finance agency operations. Thus, the likely effect of S. 1608 would be to take money away from environmentally beneficial activities which have historically been underfunded and give the Forest Service a strong financial incentive to generate more revenue from logging.

Third, S. 1608 would create new financial incentives to increase revenue-generating activities through a novel program designed to enhance local control of Federal land management. Section 6 of the bill would earmark 25 percent of the county payments for investment in resource management restoration that are, A, recommended by the investment project advisory committees, B, nominated by the county government, and C, approved by Federal land managers.

If the three parties did not agree on a project, the unused money would automatically be made available to projects in other counties. Thus, Federal land managers would have a financial incentive to approve projects proposed by the advisory committees and the counties.

Compounding the incentive to approve projects, S. 1608 also encourages the counties and agencies to select projects that produce substantial revenues. Section 6(e) stipulates that receipts from the projects will be evenly split between the counties and Federal land agencies, with the Federal share of the money going directly to the local Forest Service or BLM unit.

Aside from the multiple pro-logging incentives of S. 1608, we also object to the bill's requirement that the Forest Service and BLM establish local advisory committees for national forest lands. Committees that are composed entirely of local interests and are exempt from the safeguards of the Federal Advisory Committee Act should not determine the appropriate use of the national forests.

Ninety years after its creation, the linkage of county payments and revenue generated from Federal forest lands no longer provides the stable educational funding that counties need. We in this society have made choices about the way we want our national forests managed and those evolving social demands have created better management practices on the national forests and replaced the dominant use of the forest for timber. Sports fishing, watershed protection, recreation, hiking are all important uses of the national

forest land that do not necessarily generate revenues to the Forest Service. New scientific information has led to better management to allow the forest to be utilized by all the users in the United States.

Returning to increased logging to supply funding for counties would not be tolerated by the American public as a new activity.

Supporters of S. 1608 are right in demanding that sound environmental policies should not deprive school children of educational quality. Yet, continuing the link of forest receipts to county payments maintains this scenario.

In conclusion, The Wilderness Society feels that S. 1608 is not wise educational, environmental, or economic policy, that we still need to address the issues that are faced by counties and providing stable sources of funding for counties and schools in this country.

[The prepared statement of Mr. Francis follows:]

PREPARED STATEMENT OF MICHAEL A. FRANCIS, DIRECTOR, NATIONAL FORESTS
PROGRAM, THE WILDERNESS SOCIETY

Mr. Chairman; thank you for the opportunity to testify on behalf of the 200,000 members of The Wilderness Society on S. 1608, the Secure Rural Schools and Community Self-Determination Act of 1999.

INTRODUCTION

The Wilderness Society recognizes that federal land payments to states and counties are important to the economic and social well being of many rural areas. For example, in 1996 The Society conducted a study of federal land payments for 100 counties in the interior Columbia River Basin, including all counties in Idaho, western Montana, and eastern Oregon and Washington. Later this month, we will be issuing an up-to-date study of county payments for all counties in Oregon and Washington.

The Wilderness Society believes that the federal government should fairly and reliably compensate states and counties for the tax-exempt status of national forests and other public lands. However, the current system of basing county payments on revenue sharing is neither equitable nor dependable.

For the past 20 years, payments made through the Forest Service's 25 percent revenue-sharing system have fluctuated widely in response to the ebbs and flows of timber supply and demand. Instability has resulted from several factors, such as interest rates, housing demand, international markets, and, more recently, competing needs for endangered species habitat and shifting public views about federal land management. In recognition of the funding crisis faced by counties in the Pacific Northwest, The Wilderness Society supported legislation sponsored by Senator Mark Hatfield and enacted by Congress in the 1993 Omnibus Budget Reconciliation Act to create a ten-year safety net of payments from general Treasury funds.

The county payments problem has been further exacerbated by Congress's inadequate appropriations to fund the Payments In Lieu of Taxes program. As of 1998, appropriations for PILT amounted to just 40 percent of the amount authorized by Congress in 1993. The Wilderness Society supports current legislative efforts by Congressman Don Young and others to guarantee full funding for the PILT program.

Another key flaw in the current revenue-sharing system is the incentive that it creates for state and county government officials to support logging and other uses of federal land that maximize revenues. The Office of Technology Assessment identified this pro-logging incentive as a problem in 1992 and suggested that Congress replace the current revenue-sharing system with a fair compensation system.

In sum, The Wilderness Society supports changes in the federal land payments system that will provide fair, adequate, and stable funding for state and county governments and rural communities and that will decouple payments from federal land management. Conversely, we oppose changes that tend to perpetuate or increase incentives for logging and other commodity production on federal lands.

POSITION AND COMMENTS ON S. 1608

The Wilderness Society opposes S. 1608 in its current form, because the bill would markedly increase incentives for resource exploitation of national forests and other federal forest lands.

First, S. 1608 fails to decouple county payments from timber revenues. Section 4(b) gives the counties their traditional share of Forest Service and BLM revenues in the event that revenues exceed the historical payment levels. While future timber revenues are unlikely to exceed the guaranteed payments in the Pacific Northwest, that is not the case with respect to many national forests in the East and elsewhere in the country. Thus, counties would continue to have an economic incentive to advocate greater logging and other revenue-generating activities on federal lands.

Second, S. 1608 would create new financial pressures on the Forest Service to increase logging and other revenue-generating activities. Section 4(d) provides that funds to make the guaranteed payments to counties will be taken first from Forest Service revenues, fees, or other receipts. Counties could only receive payments from the general funds of Treasury if Forest Service receipts are insufficient to make the guaranteed payments.

The bill shelters receipts that are deposited into the Forest Service's four "trust funds," such as the Knutson-Vandenberg Fund for timber stand improvement and wildlife mitigation. However, it would not cover a variety of other Forest Service accounts, including the Brush Disposal and Range Betterment funds, which are funded by receipts and provide millions of dollars each year to finance the agency's operations.¹ Thus, the likely effect of S. 1608 would be to take money away from environmentally beneficial activities, which have historically been underfunded in annual appropriations, and give the Forest Service a strong financial incentive to generate more revenue from logging.

Third, S. 1608 would also create new financial incentives to increase revenue-generating activities through a novel program designed to enhance local control of federal land management. Section 6 of the bill would earmark 25 percent of county payments for "investments in resource management and restoration" that are (a) recommended by local "Investment Project Advisory Committees," (b) nominated by county government officials, and (c) approved by the federal land managers. If the three parties did not all agree on projects, the unused money would automatically be made available for projects in other counties. Thus, federal land managers would have a financial incentive to approve projects proposed by the advisory committees and counties.

Compounding the incentive to approve projects, S. 1608 also encourages the counties and agencies to select projects that produce substantial revenue. Section 6(e) stipulates that receipts from the projects will be evenly split between the counties and federal land agencies, with the federal share of the money going directly to the local Forest Service or BLM unit.

Aside from the multiple pro-logging incentives in S. 1608, we also object to the bill's requirement that the Forest Service and BLM establish local advisory committees for national forest lands. Committees that are composed entirely of local interests and are exempt from the safeguards of the Federal Advisory Committee Act should not determine the appropriate use of national forests.

The Wilderness Society believes that substantial investments in ecological restoration activities are needed in the national forests. Accordingly, we strongly support the Forest Service's proposal to establish a new appropriations line item for forest ecosystem restoration and improvement. However, in order to build credibility and public support for restoration activities, it is essential that the process for selecting and funding projects not be slanted in favor of projects that generate the greatest revenue.

EDUCATION AND COUNTY PAYMENTS

Ninety years after its creation, the linkage of county payments and revenue generated from federal forest land no longer provides stable education funding for many counties. Over the past ten years, timber harvests on national forests have decreased by 70 percent. This has resulted in a 36 percent decline in payments to counties, leading to inadequate funding for some schools. Nonetheless, S. 1608 would maintain that very link, further subjecting schools to the unpredictable and unreliable revenue source. Forest Service Chief Michael Dombeck spoke of this current set-up well when he stated, "There is no reason the richest nation on earth

¹ For information about Forest Service trust funds and other accounts, see Ross W. Gorte and M. Lynne Corn, *The Forest Service Budget: Trust Funds and Special Accounts*, Congressional Research Service, 97-14 ENR, Jan. 3, 1997.

should be funding the education of rural kids at the expense of our national forests." It is absurd to continue such an outdated and unnecessary program that is detrimental to both our children and our forests.

S. 1608 is poor economic policy because it does not provide a stable source of revenue for counties. Instead it leaves Congress, the Forest Service and rural schools trapped in the same corner they have been for many years. If timber harvests do not double from current levels, a scenario both unlikely and undesirable, the needed money will have to come out of the Forest Service's receipts. Supporters of S. 1608 have complained of unstable, unpredictable payments and have demanded that environmental policy should not deprive children of a quality education. Yet, continuing the link of forest receipts and county payments maintains this very scenario.

Evolving social values have demanded that timber harvests be just one of the many uses of our national forests, not the predominant use. Commercial and sports fishing, watershed protection, recreation including hiking, and habitat protection for a variety of species, are just as important, if not more important to Americans. New scientific information has led to better management that allows the forest to be utilized for all of these purposes. Timber sales, which have accounted for 89-95% of the revenue from national forests over the past 25 years, would have to double from their current levels in order to meet the 25% payment levels required in this bill. The longing to increase timber sales represents a stubborn refusal by timber interests to accept the fact that the "good old days" of massive clear-cutting and unlimited taxpayer subsidies are over. Neither the forests nor the American public will tolerate the return to such unsustainable logging activity.

Unfortunately, the provisions of S. 1608 are meant to create pressure on the Forest Service employees to increase logging levels, in order to prevent having to curtail essential forest health management and/or local educational programs. Education and forest policy are as separate issues as national security and health care reform; only when they are linked do they conflict with one another. The wealthiest nation on earth should not be continually debating whether to save the habitat of an endangered species or purchase much needed computers for rural schools. Policy promoting long-term sustainable uses of the national forest can and should simultaneously exist with sound educational policy that benefits our children.

The Wilderness Society also strongly opposes the creation of the local advisory committees for the selection of projects on federal lands. These committees will continue the unfavorable scenario of using the need to fund local schools as a basis for proposing logging projects on public lands. This attempt to establish a toehold of local control on public forest lands is an inappropriate issue in a discussion of public funding for education. A long-term solution will never be adequate as long as it links two entirely separate issues, education funding and forestry policy. The only certainty resulting from this type of arrangement is unstable payments to counties and schools. Such a link not only subjects the education of rural children to an unstable, unpredictable funding source; it also makes our children pawns in a controversial debate over national forest policy.

Our nation has rightly recognized that the days of massive clear-cutting are over. This practice is not sustainable and prevents us from reaping other benefits of the forest, such as commercial and sport fishing, watershed protection and recreation. Excess logging is not advantageous from either an environmental or economic standpoint. Supporters of S. 1608 are right in demanding that sound environmental policy should not deprive children of a quality education. Yet continuing the link of forest receipts to county payments maintains this very scenario. The losers from this proposal will once again be the children of rural America and our forests.

CONCLUSION

S. 1608 is not wise educational, environmental, or economic policy, because it threatens the sustainability of rural education, counties, and forest ecosystems. The bill would preserve and markedly increase incentives for resource exploitation of the national forests by failing to decouple county payments from timber revenues; forcing the Forest Service to take money away from brush disposal and other receipt-funded activities to make up for revenue-sharing shortfalls, and splitting revenues from county payment-funded projects between the counties and the Forest Service. To make matters worse, by giving county officials and local interests the power to allocate millions of dollars of federal funds, the bill would vastly increase local control over national forest management.

Senator CRAIG. Mike, thank you very much for your testimony.

Let us turn to Doug Robertson, president of the Association of O&C Counties from Roseburg. Let me also say we have a vote

under way, but we will allow you to complete your testimony before we run, and we will probably conclude the subcommittee's activities at that point and submit to all of you our questions for you to respond in writing if you would do so.

**STATEMENT OF DOUG ROBERTSON, COUNTY COMMISSIONER,
DOUGLAS COUNTY, OR, AND PRESIDENT, ASSOCIATION OF
O&C COUNTIES, ROSEBURG, OR**

Mr. ROBERTSON. Thank you very much, Chairman Craig, Senator Wyden.

I would like to begin my remarks to the subcommittee this afternoon by conveying on behalf of those I represent in the O&C Association and the National Forest Counties Association and Oregon a genuine expression of thanks and gratitude to Senator Wyden and Senator Craig for their bipartisan effort that is before us today in the form of S. 1608. I would also like to further recognize and thank their respective staff members and Senator Smith and his staff for their efforts on this issue.

We have before us today all of the elements necessary to provide stable funding for school districts and counties that have been in the crossfire of the natural resource management debate for decades. We have an administration that recognizes the need for safety net funding and in fact provided the safety net model in the 1993 Budget Reconciliation Act.

We have the U.S. House of Representatives poised to pass a bill which contains many of the necessary components to provide stability for schools and counties, and now we have the U.S. Senate with a bill that combines fiscal stability and the innovation of earmarking a portion of the funding for projects on the local level, driven by local Federal partnerships that will potentially benefit the environment and the economy of our rural communities on a national scale.

Are these solutions perfect? Of course they are not. Will they work forever? No. But given the landscape upon which we find ourselves today, these proposals contain what is necessary to begin moving us from a divisive and destructive dialogue that has paralyzed forest management, created havoc in schools, cities, and counties in rural America, and poisoned the source of potential solutions by making it so politically expensive to pursue those solutions that nobody was willing to do it. That is why your efforts here today are of such significance.

Let me focus my next remarks specifically on the community forestry feature of S. 1608, which bears similarities to the longstanding practice in the O&C counties of plowing back funds into forest management. In 1953 the counties began plowing back a portion of their receipts into road construction and maintenance, recreational facilities, reforestation, forest protection, including fire suppression, and general maintenance and operating expenses. By 1960 the counties were reinvesting fully one-third of their receipts on those activities. The present value of the funds plowed back by the counties exceeds \$2 billion.

I mention this because the means by which the plow-back monies were spent is also comparable to the community forestry feature in S. 1608. Investment of the plow-back fund was guided by

a local community-based advisory board that worked in partnership with the BLM to select projects that most effectively met the needs of the local communities and the BLM. There was a high level of cooperation between the agencies and the communities, which has been conspicuously absent in recent years. S. 1608 would create a means by which that cooperation would be renewed.

Let me share some thoughts specifically about the bill. We would suggest for your consideration reducing to 10 percent the amount of resources available for the project component of the bill, noting the significant challenge in many communities to form workable partnerships that accomplish the intent of the bill. Those amounts could later be increased, perhaps at the initiative of the local working groups.

Another recommendation would be a panel made up of affected participants nationwide to monitor and observe the impact of the bill and report back to Congress with suggestions and options to improve the bill and ensure its success.

In closing, I would like to suggest to you that in essence the process you began in 1993 with the adoption of the Northwest Forest Plan and the Budget Reconciliation Act has come full circle. In the last 3 weeks we have witnessed two decisions from the Federal bench in Seattle which have put us exactly where we were nearly a decade ago—frustrated by the legal process, paralyzed with regards to forest management, and again seeing resource-dependent counties, communities, and school districts struggling to keep their doors open.

Positive action on expanding and extending the safety net for counties and school districts so desperately impacted by these decisions is absolutely essential.

Thank you very much for your time and your patience.

[The prepared statement of Mr. Robertson follows:]

PREPARED STATEMENT OF DOUG ROBERTSON, COUNTY COMMISSIONER, DOUGLAS COUNTY, OR, AND PRESIDENT, ASSOCIATION OF O&C COUNTIES, ROSEBURG, OR

I would like to begin my remarks to the subcommittee this afternoon by conveying, on behalf of those I represent in the Association of O&C Counties and the National Forest Counties Association in Oregon, a genuine and heartfelt expression of thanks and gratitude to Senator Wyden and Senator Craig for their bipartisan effort that is before us today in the form of S. 1608, the "Secure Rural Schools and Community Self-Determination" bill. Let me further recognize and thank their respective staff members and Senator Smith and his staff for their efforts and cooperation on this issue.

Everyone on this committee is to be congratulated for taking on what we all recognize as a very thorny and difficult political issue. Your willingness to reach across party lines to search for solutions emphasizing those things that unite us, as opposed to those that separate us, is refreshing and will hopefully provide momentum on other issues.

We have before us today all of the elements necessary to provide stable funding for school districts and counties that have been in the crossfire of the natural resources management debate for decades.

We have an administration that recognizes the need for safety net funding, and in fact, provided the safety net model in the 1993 Budget Reconciliation Act. We have the United States House of Representatives poised to pass a bill which contains many of the necessary components to provide stability for schools and counties; and, now we have the United States Senate with a bill that combines fiscal stability with the dynamic innovation of earmarking a portion of the funding for projects on the local level driven by local/federal partnerships that will potentially benefit the environment and the economy in our rural communities on a national scale.

Are these solutions perfect? Or course they are not. Will they work forever? No. But given the landscape upon which we find ourselves today, these proposals contain what is necessary, on an incremental basis, to begin moving us from a divisive, destructive atmosphere which has paralyzed forest management, created havoc in schools, cities and counties in rural America, and poisoned the source of potential solutions by making it so politically expensive to pursue solutions that no one was willing to do it. That is why your efforts are noted as being of such significance.

Let me focus my next remarks specifically on the "community forestry" feature of S. 1608 which bears similarities to the long standing practice of the O&C counties of "plowing back" funds into forest management. I will begin by noting for the record that the Association of O&C Counties has, since 1953, made available 25% of the county receipts portion to be reinvested in more intensive reforestation and rehabilitation on the O&C lands.

In 1952, the counties were approached with a proposal to invest a portion of their share of revenue back into the O&C Lands. The point of the proposed investment was to enhance the value and productivity of the O&C Lands for the future.

The counties agreed to the proposal, and in 1953, began "plowing back" a portion of their receipts into road construction and maintenance, recreational facilities, reforestation, forest protection including fire suppression, and general maintenance and operating expenses. By 1960, the counties were reinvesting one-third of their receipts. For the following years, the counties received 50 percent of total receipts and voluntarily plowed back the other 25 percent to which they were otherwise entitled. The present value of the funds plowed back by the counties exceeds \$2.0 billion.

I mention this because the means by which the plowback monies were spent is also comparable to the "community forestry" feature of S. 1608. Investment of the plowback fund was guided by a local community based advisory board that worked in partnership with the BLM to select projects that most effectively met the needs of local communities and the BLM. There was a high level of cooperation between the agencies and the communities that have been conspicuously absent in recent years. S. 1608 would create a means by which that cooperation would be renewed.

We would suggest, for your consideration, reducing to 10% the amount of resources available for the project component of the bill; noting the significant challenge in many communities to form workable partnerships that accomplish the intent of the bill. Those amounts could later be increased perhaps at the initiative of the local working groups.

Another recommendation would be a panel made up of affected participants nation wide to monitor and observe the impacts of the bill and report back to congress with suggestions and options to improve the bill and insure its success.

In closing, I would suggest to you that in essence the process you began in 1993 with the adoption of the Northwest Forest Plan and the Budget Reconciliation Act, has come full circle. In the last three weeks, we have witnessed two decisions from the federal bench in Seattle that have put us exactly where we were nearly a decade ago; frustrated by the legal process, paralyzed with regards to management and again seeing resource dependent counties, communities, and school districts struggling to keep their doors open. Positive action on expanding and extending the safety net for counties and school districts so dramatically impacted by these decisions is absolutely essential.

Finally, let me re-emphasize our thanks and assure you we stand ready to help in any way we can in the passage of legislation that provides the financial stability and security the rural counties and school districts so desperately need.

Senator CRAIG. Doug, thank you for that testimony. Shirley, Mike, and Doug, we do appreciate the time you spent with us today. Some of you have traveled substantial distances and that is also appreciated.

Both Ron and I recognize the nature of this issue, and I think the communities and the citizens we hear from and those who come to our town meetings who reflect both sides of this issue are most sincere in their effort. But when we see communities that are totally landlocked by public lands, with little option left, Mike, I am very frustrated when you suggest that they become wholly dependent upon the Treasury of the United States and that we subject ourselves to a minority status to be argued here on a regular basis.

Those counties ultimately lose. But most importantly, I think ultimately the public lands lose. I think Gifford Pinchot was right. You have to maintain a relationship between the local communities and the land. Failure to do so ultimately produces the king's lands, and the serfs will never be allowed to walk. Last I checked, you and I might qualify for serfdom and that means that both you and I some day might not have the privileges that we think we now have or that we think we are attempting to create for others.

Somehow these kinds of mechanisms are critically important. You and I might differ on the uses, but my guess is that if we bring together, as some communities have finally, out of struggling exhaustion, brought together diverse communities of interest and out of those diverse communities they have been extremely creative for the importance of the environment and the resources within that environment, and that is in part after I do not know how many years and not a hundred hearings yet, but more than I can count, I have begun to observe that we really do have to trust a diverse local community of interest under a broad national environmental umbrella.

I know that those of you who sit at the top looking down find that not to be a good idea. I do not question that it might ultimately some day diminish authority and power at the Federal level. I happen to be one who thinks that is a pretty good idea. Having come from small communities, I have tremendous trust in those communities if we, Ron and I and others here, can work with all of you to create the balance necessary in those decisionmaking processes.

That is what we are about here, and it is not to create or drive a force that causes a specific action, not our intent at all. That is why we have really been extremely cautious.

I do not mean to react to you solely, but I must say that I am always interested in the fact that The Wilderness Society now appears to be a defender of the status quo, and the status quo is conflict and conflict results in an environment, at least in the intermountain area of my country, that is so volatile that we could literally in another drought cycle lose our forests. That is not good environmental stewardship, and yet that seems to be where we have found ourselves.

So we will struggle through with this, and we do appreciate your testimony. Most importantly, we appreciate your advice, because we would like to think we have built a coalition that might be able to produce some results, and if not we will try again on another day.

But to all of you, thank you very much for your time. Ron.

Senator WYDEN. I would just add on one point because we do have to vote. It seems to me, Mike, this bill acknowledges one of The Wilderness Society's key points, which is that societal mores have changed and that there is more to this relationship between the counties and the Federal Government than cutting trees.

What we want to do, though, is to figure out ways to mobilize the kind of creativity and the kind of energy that we are seeing at home—watershed councils, tourism projects, road maintenance projects, and the like—so as to make sure that all the stakeholders at home, when they comply with the environmental laws, when

they are in line with Forest Service plans, have an opportunity to participate in the changes that you correctly say have taken place in society.

So all three of you have been very good, and we will be working with you and look forward to it.

Thank you, Mr. Chairman.

Senator CRAIG. Thank you all, and the subcommittee will stand adjourned.

[Whereupon, at 5:21 p.m., the hearing was recessed, to be reconvened on October 19, 1999.]

SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT

TUESDAY, OCTOBER 19, 1999

**U.S. SENATE,
SUBCOMMITTEE ON
FORESTS AND PUBLIC LAND MANAGEMENT,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.**

The subcommittee met, pursuant to notice, at 10:05 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Larry E. Craig presiding.

OPENING STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

Senator CRAIG. Well, good morning, everyone. Today the subcommittee will convene its second hearing on S. 1608, the Secure Rural Schools and Community Self-Determination Act of 1999.

I will not offer an extensive opening statement explaining the bill. I did that on October 5, and the bill has made its rounds and I think is beginning to develop a fairly broad understanding of what the intent of both Senator Wyden and mine is as it relates to this important issue.

I was very impressed and pleased with the constructive and specific testimony provided at our hearing on the 5th. I particularly appreciated the National Education Association's description of this bill as "one of the most innovative bipartisan education measures to protect children and schools in rural areas that will be considered by Congress."

Equally important was the testimony offered by members of the Timber County Schools Coalition. Even though the Coalition is on record in support of an alternative measure being considered in the House—that is H.R. 2389—the members of the Coalition testifying on October 5 offered positive commentary and useful suggestions for modifying S. 1608. For that, they should be commended. As that sort of testimony is frankly, relatively rare in these proceedings.

I hope today that the testimony will be similarly thoughtful and constructive, offering us modifications for S. 1608. I offer that hope because Senator Wyden and I are committed to moving this legislation in this Congress, if not yet this year.

Our first witnesses will represent the administration. Of course, Under Secretary of Agriculture Jim Lyons is with us, Forest Service Chief Mike Dombeck, and the Bureau of Land Management Assistant Director, Robert Doyle. And shortly we will hear from them.

(43)

I am sure Under Secretary Lyons and Chief Dombeck must understand that a number of our members, perhaps on both sides of the aisle, will have serious questions about the "Sermon on the Knob" delivered by the President last week. Senator Wyden and I are in the process of scheduling oversight hearings in the very near future on these matters, and so I would kindly ask my colleagues today to refrain, if possible, from making comments or asking questions specific to the President's announcement on the roadless area. We want to try to understand it a good deal better and bring it into perspective as we hold hearings in the very near future on it.

I can, of course, offer you, Chief and Mr. Secretary, no guarantees as to the kinds of questions that will be asked of you today, but I would hope that our colleagues would tend to direct them toward S. 1608.

With those comments, I have had a chance to peruse your testimony, Secretary Lyons. I must say it is not one of your better works. That will be the only comment I will make at this moment. In fact, I questioned whether we ought to not excuse both you and Chief Dombeck from the proceedings this morning, but Senator Wyden said that would probably be not as productive. So, with his concurrence, we will look forward to your testimony, and let me turn to Senator Wyden at this moment to make comment.

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. Thank you very much, Mr. Chairman. Let me say to begin how appreciative I am of the chance that I have had this session to work closely with you. We have two bipartisan proposals: one, of course, to deal with the carbon sequestration issue; the second to deal with this critical issue of county payments. You and your staff throughout this session have been extraordinarily gracious in working with us, and I want to express my appreciation to you at this time.

Let me also thank the ranking minority member of the full committee, Senator Bingaman. He and his staff have been very helpful as well on this county payment issue, and I want Jeff to know that we are very appreciative of his help as well.

Mr. Chairman, colleagues, the challenge this morning is to examine ways in which the administration and the Congress can work together on the issue of payments to timber-dependent communities. The issue of total decoupling of these payments from any actual cutting of trees in the forests is a position that is dead on arrival in this Congress. Now, because these payments are a lifeline for scores of rural communities, we have to figure out a way to help these counties so that they are no longer used as ideological hostages in the debate over natural resources.

For many weeks now, Chairman Craig and I have negotiated with colleagues here in the Congress and attempted to work with the Clinton administration so that bipartisan legislation the President would sign could be enacted. Plans that are dead on arrival say to resource-dependent communities we do not care if you dry up and blow away. And I do not believe that anyone in this hearing room wants to convey that message.

So, Senator Craig and I have developed an alternative that we believe can pass, an alternative that responds to the new social values about forestry and the latest scientific information about how to manage ecosystems for sustainability.

I want to say just a word about section 6 of this bill, the section that provides an opportunity for communities to receive extra funds for projects that Forest Service Chief Mike Dombeck has described as priorities. To obtain this funding, a project must comply with all the Nation's environmental laws, applicable forest management plans, and ultimately receive a go-ahead from the Federal agency vested with the responsibility to carry out Federal forestry laws in their community.

Now, some opponents of section 6 may believe that the effort to empower local communities to participate in this type of decision making, in accord with the Nation's environmental laws, is somehow a threat to western civilization. I believe that this approach must be a central focus of natural resources policy making in the 21st century.

I know we have got witnesses with constructive ideas for providing timber-dependent communities with consistent Federal payments and a meaningful sustainable connection to Federal lands. I look forward to the administration's testimony and very much want to hear their announcement that they will work with us on approaches that will quickly and positively resolve this issue and assist these communities for whom these payments are a lifeline.

Mr. Chairman, again my thanks and I look forward to working with you.

Senator CRAIG. Well, thank you very much, Senator Wyden.

Now let me turn to Senator Bingham who has already been previously recognized as the ranking member of the full committee, and we truly appreciate your being here this morning. This is an important issue to most timber-dependent Western communities, if not eastern communities in certain instances, certainly our public land forests, and I know that can be true in some instances in your State. So, we are extremely pleased you are here, Jeff.

STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR FROM NEW MEXICO

Senator BINGAMAN. Yes, it is true, Mr. Chairman. I thank you and Senator Wyden very much for taking the initiative and trying to come to some resolution of this. There are counties in my State that benefit significantly from these funds, and we want to see some stability brought into the funding. I look forward to hearing from the witnesses and learning more about the issues. Thank you very much.

Senator CRAIG. Thank you very much.

Now let me turn to the Honorable James Lyon, of course, our Under Secretary for Natural Resources and Environment at the U.S. Department of Agriculture. He is accompanied by the Chief of the Forest Service, Mike Dombeck, and also by Robert Doyle who is the Assistant Director, Bureau of Land Management. Welcome, gentlemen. Please proceed.

STATEMENT OF JAMES R. LYONS, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY MIKE DOMBECK, CHIEF, U.S. FOREST SERVICE, AND ROBERT DOYLE, ASSISTANT DIRECTOR, BUREAU OF LAND MANAGEMENT

Mr. LYONS. Well, thank you very much, Mr. Chairman. I appreciate the opportunity to visit with you and Senator Wyden and Senator Bingaman today. Senator, I appreciated the opportunity to visit with you, albeit briefly, in New Mexico on Saturday.

Senator BINGAMAN. We appreciated your visit. Thank you.

Mr. LYONS. We look forward to concluding acquisition of the Baca.

Senator Craig, in light of your comments about my testimony today, which I do not disagree with, what I would propose to do, since you have this as a part of the official record, is simply to set this aside.

Senator CRAIG. We will hold it hostage. You do not get off that easily. Please proceed.

Mr. LYONS. Well, thank you. At least it was an attempt.

But I would rather, frankly, engage you and Senator Wyden and Senator Bingaman in a dialogue about what it is we are attempting to achieve here and how we work together to reach a favorable outcome, one that addresses concerns we share, as well as one that deals with the areas of disagreement we may have in an approach to get there.

Let me start first with what I think we agree on, and I think we will focus in on a few points. I am sure there are others.

I think, first of all, the administration, I know you as authors of the bill, as well as representing States with communities that are impacted by the often wild swings in timber sale receipts are concerned about and focused on trying to reach the objective of establishing a stable source of funding for roads and schools. I think we all agree that funding for rural communities for their infrastructure and for schools should be something that the communities can count on and can, in fact, depend on, and that we should come up with a mechanism to ensure that stability so that communities can plan and not have to worry about changes in public views or values with regard to use of the national forests, changes in policies, changes in administrations with regard to how those national forests should be used and what is produced from those lands.

I think a second area of agreement is I think we all agree that we would like to establish a stable funding base that actually increases the payment level over what would currently be anticipated by many of the counties. Receipts are down, as you well know. The administration, in order to provide greater stability in those counties that were affected by the President's Northwest Forest Plan, instituted a policy which was really generated I think by the Congress—in fact, I think Senator Wyden at that time played a key role in establishing the level funding base for the so-called owl counties. I think we have had good success with that and that is indicated that there is a mechanism at least to authorize and to approach to doing this as opposed to the traditional 25 percent payment approach. So, we agree that we would like to establish a higher base of funding.

I think we also agree we would like to make sure that that funding is permanent so that the communities do not find themselves subject to the whims or concerns of the Budget Committee, the Appropriations Committee, so that they have something they can count on and bank on and plan on in the future.

I think we also agree that we would like to develop a closer partnership between rural communities and the Forest Service. I think there is a great debate about the role the Forest Service is playing, should play in rural communities across the United States. I have read many of your statements, your eloquent statements, Mr. Chairman, about where you think the Forest Service is heading, and although we debate those issues routinely, I think we both agree that we would like to see the communities feel that the Forest Service is in fact a partner and that we are working together for the betterment of the resources that those communities depend on, as well as for the economic vitality and sustainability of those communities. I know Senator Wyden, having worked very hard to develop section 6 of this bill, shares that concern and is, in fact, leading the charge in that regard.

Having said what I think we agree on and as I indicated—and I am sure there are other elements—let me point out where there are clear areas of disagreement.

I guess we disagree about how to achieve those goals, and primarily those disagreements focus on a number of issues. One is the administration has sought and continues to seek a decoupling of payments for roads and schools to the communities from the timber sale program and timber sale receipts. I think the reason for that is that, particularly given our experience with the owl county payments, we found that providing stability is a greater and more important good than maintaining this link to the timber sale program because of, I think, a perception that if we do not have that link, then we are simply going to abandon the investments we make in timber sales. I think the record would show we were operating to the contrary. Nevertheless, the perception is there that if we do not continue to maintain a link between payments and timber sale receipts that for some reason this administration or maybe a successive administration would move to zero cut.

That is not the case. I think Mike and I both testified in the past that we are not advocates for zero cut. In fact, I think you and I would agree, Mr. Chairman, that there are ways and places where an increase in harvests are necessary to address forest health concerns, to improve watershed condition, wildlife, et cetera.

We think it is better to be able to set forest policy based on several cultural goals and the long-term needs of communities rather than based upon the mandate to produce revenues to support schools. We should separate those two elements. In that respect, I think the 25 percent payment issue is really an education issue. It is not a forest management issue, and sometimes we confuse the two.

I think a second area where we disagree is how we deal with the connections to communities, and in that regard, we have expressed some concerns reflected in my testimony for what we characterized as the potential relinking of payments under the section 6 provisions of your bill. We are concerned that section 6 might, in fact,

create new incentives to promote revenue generation from the national forests, and we do not want to go from a situation where for years we have focused on timber sale production as a target to go to revenue generation as a primary objective.

I would argue that one of the reasons to be most concerned about this is that I think it turns the Multiple Use Sustained Yield Act on its ear. For the record, I just would emphasize under the Multiple Use Sustained Yield Act of 1960, the definition of multiple use is the management of all the various renewable surface resources in the national forests so that they are utilized in the combination that will best meet the needs of the American people, without impairment of the productivity of the land, with consideration being given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output.

Now, I recognize, Senator Wyden, that you see this issue differently, and I think this is an area that we need to discuss and address so we do not create the wrong incentives for management. I know you have stated that you believe this is actually going to help us implement many of the objectives that have been laid out by the Chief in the Forest Service's natural resource agenda. We want to work with you to make sure that that is in fact the case.

Another area where we strongly disagree is, at least to some degree in your bill, certainly in the House bill, the Forest Service should be penalized if it cannot generate adequate revenues or get projects done on time, even if the agency does not have the capacity to ensure that those projects are done on time for reasons that are outside the control of the Forest Service. I think the bill now provides for exceptions in the case of injunctions and one other condition that escapes me right now, and I think we need to address that issue because I do not think it is appropriate to penalize the agency for what it is unable to achieve.

Having said all that, I want to emphasize the fact that we want to work together to achieve the common goals that I laid out up front, and I think we have the capacity to do that.

But let me throw out an option, Mr. Chairman, which Mike and I have discussed, I have mentioned briefly to Senator Wyden, but have not had a chance to vet with all the appropriate authorities within the administration. As you know, there are many people above my pay grade that get involved in these issues.

But just as something to consider, Mr. Chairman, what if we were to do something that maybe is a little bit novel but I think fully consistent with the title of your bill which, of course, is called the Secure Rural Schools and Community Self-Determination Act of 1999? I make reference to the self-determination part in what I am about to propose.

What if we were to give communities, States specifically, the option of choosing whether or not they would like to receive funding for infrastructure and schools under the alternative that you and Senator Wyden have proposed or the alternative that the administration has proposed, with modifications we have already agreed to, which is to allow for a full funding, 100 percent funding, and also for an inflation adjuster?

Let us say, suppose, that we gave the States the option next year to choose which approach they would prefer to operate under for the next 5 years. They could choose the administration's proposal or they could choose the Craig/Wyden approach, and then they could, in fact, determine their own future. In that way, we could have a grant experiment, pilot test, if you will, our decoupling approach versus the modified decoupling and the community-based incentive approach that you have formulated in the bill that you presented.

I throw that out as an option, as I said, which I have not vetted within the administration, but maybe as a way to get past some of the philosophical differences that we face right now, allow us to test the two alternatives, decoupling versus the alternative you present, and also permit us a chance to see which works more effectively and efficiently for a period of time, let us say, 5 years. Then that would permit us—of course, not me. I do not expect to be here in 5 years—our successors the opportunity to take a second look at that experiment and then work with the counties and the States to try and come up with a more permanent approach to this.

I offer that, Mr. Chairman, in the vein of compromise, but also with a sincere interest to try and come up with a mechanism that will permit us the opportunity to work together to address the real concern here, which is to ensure that there is a stable and permanent source of funding for rural communities' infrastructure and most importantly for the education of their children.

I thank you, Mr. Chairman, for the opportunity to depart from my prepared remarks and to offer that assessment of where we are. We look forward to addressing your questions.

[The prepared statement of Mr. Lyons follows:]

PREPARED STATEMENT OF JAMES R. LYONS, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, U.S. DEPARTMENT OF AGRICULTURE

Thank you for your invitation to testify on S. 1608, "Secure Rural Schools and Community Self-Determination Act of 1999." I appreciate the opportunity to join you today to continue the discussion that the Administration began last year on the need to provide a stable, permanent level of payments to states for schools and roads.

The Administration strongly believes: 1) We need to provide a permanent, stable payment at a higher level than what is provided by current law; 2) The payments need to be separated from fluctuating and often controversial timber sales; and 3) We need to strengthen the connection between communities and the land and water that sustains them.

The lessons of the past decade demonstrate that tying payments to states for essential services, such as schools and roads, to forest receipts simply does not work. Between 1989 and 1998, payments have declined by 36%. The decrease would have been even more dramatic if Congress had not provided a safety net for counties covered by the Northwest Forest Plan.

We need to find ways to finance our children's education, as we ensure that forests are managed to maintain their health, productivity, and diversity. Linking education to timber harvest objectives, however, sacrifices critical social objectives for other essential ecological objectives. Given our national wealth and our abundant national resources, we do not need to make such choices. Our objective should be to work together to reconnect rural communities to the lands that sustain them—not to set in motion new controversies and lawsuits.

With some modifications the Administration generally could accept the funding mechanism in S. 1608 as long as Congress works with the Administration to identify mutually acceptable offsets for the approximately \$200 million more needed per year.

However, the Administration strongly opposes the resource investment section (section 6) of S. 1608. This section is objectionable for the following reasons:

1. Section 6 continues to link 50 percent of the receipts from timber sales and other revenue generating projects to schools and roads. While the funding mechanism in the bill attempts to decouple these payments from schools and roads, the proposed revolving fund re-couples payments to revenue generating projects, primarily timber sales.

2. Section 6 requires that the remaining 50 percent of the receipts from timber sales or other revenue generating projects go back to restoration projects, thus potentially continuing the downward spiral of harvesting valuable trees, the kind of trees that managers want left standing, to pay for watershed health.

3. Section 6 places an unreasonable burden on the Forest Service by creating expectations that the counties can hold the agency financially responsible for failing to complete a project or for project delays in timing and outputs which are often caused by factors outside of the agency's control.

4. Section 6 could undermine the credibility of the agency's National Environmental Policy Act (NEPA) process. Making agencies financially liable for the cost of environmental analysis if the analysis does not allow for project approval creates pressure on local managers to approve projects to avoid losing funding. The public's perception may be that the agency is approving projects regardless of environmental impacts.

The Department stands ready to work with the Committee to fix these problems.

BACKGROUND

The Administration's over-arching reason for proposing legislation for the last two years in its budget submission to address payments to states is the need to provide a stable, predictable payment that counties can depend on to help fund their education and road maintenance needs. Under the current statutory provision, commonly known as the twenty-five percent fund, the Federal government pays twenty-five percent of most Forest Service receipts to the states for distribution to the counties in which National Forest lands are located for financing public roads and schools.

The Administration's proposal would:

1. provide a stable, predictable payment that counties can depend on to help fund education and maintenance of roads,
2. provide increased payments above the payments projected under current law to compensate states for National Forest land that are not available to the local tax base,
3. provide a mandatory, permanent payment not subject to the annual appropriation process, and
4. sever the connection between timber sales and critically important education and road maintenance needs.

Historically, the primary source of National Forest receipts has been from the sale of timber on National Forests. Over the past 10 years, timber harvest from National Forests has responded to new scientific information, changing social values, and our evolving understanding of how to manage sustainable ecosystems. As a result during that same period, payments to states have fallen 36%, from \$361 million in 1989 to \$228 million in 1998. That reduction in payments to states would have been far greater if not for an agreement between Congress and the Administration to stabilize payments for counties in western Oregon, Washington and northern California in 1993, the so-called owl county safety-net, the basis for the Administration's stabilization proposal.

Some counties and organizations have resisted separating payments from Forest Service receipts. In part, the resistance may stem from a belief that timber harvest levels will rise dramatically again in the future. But, with the need to do more forest stewardship sales and the corresponding shift to less profitable products being harvested, even if timber volume should increase, slightly, receipts from timber sales will likely continue to decrease.

Since fiscal year (FY) 1993 the proportion of harvest volume removed for timber commodity purposes has fallen from 71 to 52 percent, while the proportion being removed for forest stewardship purposes has grown from 23 to 40 percent. In FY 89, live trees, and large diameter trees, made up roughly 80 percent of the overall sales program; in FY 97, they represented only 60%.

In addition, in FY 99 and FY 00, the Administration's budget, which Congress accepted, proposed timber offer levels below 4 billion board feet. We believe that the public will not accept, the agency will not recommend, and science will not condone or justify a return of unsustainable timber harvest levels to the 11-12 billion board feet volume of the late 1980s.

We need to provide a reasonable payment to compensate states for the lands that are not available to the local tax base. Payments made through the payments in lieu of taxes (PILT) are often not appropriated to their fully authorized levels, creating difficulties for counties with a limited tax base due the presence of public lands. We need to ensure that states continue to benefit from both the intrinsic and economic values of public lands by guaranteeing a payment to make planning and budgeting predictable for counties. Thus, we believe we should provide a permanent, stable payment, based on historic levels, that is not subject to the annual appropriation process.

SPECIFIC CONCERNS

Overall, while we support more collaboration with the public on land management issues, section 6 gives counties a direct financial interest in projects which we think is contrary to the spirit of our public land statutes.

Section 6 establishes a new program in which twenty-five percent of the full payment amount to counties or 25 percent fund payment, whichever is higher, must be spent on resource investments on Bureau of Land Management or National Forest system lands. Resource investments are both commercial and noncommercial activities, involving resource management, stewardship, restoration, or development. In return, the counties and agencies each receive 50 percent of any funds generated by these projects. The counties' portion of receipts would then go to fund schools and roads and the agencies' portions would go toward funding watershed ecosystem restoration projects. The Secretary must agree to the project and obligate the fund by the end of the fiscal year or the counties would lose this 25 percent portion of their payment.

Since S. 1608 allows counties to receive 50 percent of net revenues from any eligible project, it is likely to encourage counties to propose controversial projects such as commodity timber sales that maximize revenues instead of proposing much needed restoration and maintenance projects. This could increase the dependency of rural school funding on forest receipts and ensure that payments to states will continue to be tied to controversial forest management issues. Once again, funding for children's education could become directly dependent on timber harvest or other revenue generating activities.

In addition, section 6 creates an unnecessary level of complexity and potentially could degrade agency credibility. If the agencies choose to use county funding to complete NEPA on resource investment projects and do not complete them because of findings from environmental analysis, lawsuits, or even natural events and disasters, then the Secretary may be required to reimburse the counties the funds provided for the project plus interest, pursuant to a memorandum of understanding. This process could undermine the NEPA process by creating the perception that the agencies would approve eligible projects regardless of the environmental findings. Conversely, the agencies could be forced not to agree to projects with any level of controversy to avoid reimbursing counties thereby angering communities.

Moreover, since the agencies receive 50 percent of the revenues from resource investment funded projects, this legislation will create the perception, and perhaps the reality, that projects will be approved just to increase agency funding.

In addition, if as intended, counties could hold the agencies financially responsible for delays in timing and harvest shortfalls, the bill would essentially create the perception that private interests have the right to develop public assets risk-free. This would only add to the contentious debate over forest management, and drive counties and agencies farther apart instead of bringing them together to improve conditions and relationships on their national forests.

We fully support strengthening the connection between rural communities and the public forests that surround them; but, the community-forest connection should promote both healthy forests and prosperous communities working from a model that brings people together through consensus building, avoiding unnecessary controversy.

RECOMMENDATIONS

We would like to work with the Subcommittee and the bill's primary sponsor, to develop less complex project procedures and more equitable project funding arrangements. To address our concerns we believe the reinvestment program included in S. 1608 should be revised and recommend the following changes:

1. Establish a pilot program for 3-5 years to allow a minimal number of counties to implement the investment project program. Consider establishing an advisory committee to monitor the success of this program and make recommendations to Congress on how it should be implemented or expanded.

2. Require receipts generated from the investment projects to be deposited in the general treasury.

3. Allow only restoration and maintenance projects to be funded through this bill. This will ensure that receipts from commercial timber sales will no longer go towards funding schools and roads and watershed health projects.

4. Eliminate the provision that creates the expectation that agencies should be required to reimburse counties for project costs if projects are not completed or approved. Relationships between communities and agencies need to be based on mutual trust, not on a financial threat subject to circumstances outside of agency control or when objective environmental analysis dictates against a project going forward.

CLOSING

In 1908, the twenty-five percent fund worked well as an incentive to develop national forests and settle remote lands. Moreover, we should not hold funding for schools and roads to the same standards of nearly a century ago. As demands on our National Forests have increased and timber harvest has declined, we need to provide a stable, permanent mechanism for making payments to states that do not depend on land management decisions.

Mr. Chairman, the Department supports the objectives of S. 1608, but we strongly oppose the bill for the reasons outlined above. Rather than continue the contentious debate over natural resource management of the National Forests, I hope you consider our recommendations to provide a permanent, predictable payment for schools and roads and to strengthen the connection between communities and their public forests. We would be pleased to work with the Subcommittee to pursue options that might meet our respective goals.

This concludes my statement. I would be happy to answer any questions you and the members of the Subcommittee might have.

Senator CRAIG. Well, Jim, thank you very much for the testimony you have offered. I think it is insightful as to where some of our very real differences are.

I am one of those who does not believe that decoupling is just some mechanical thing that you change in the law and therefore the world goes on different. I see it as a fundamental and philosophical difference between this administration and the Congress and a vast majority of people who really do see a value in keeping communities of interest associated with the public land.

I must tell you that the idea of revenue coming from the public land is not a negative idea of mine at all. Your Forest Service is in the red right now, and it is coming to the Congress to beg for money for the first time in its history. I do not know how long Congress will sustain your begging. One of these days I think Congress is going to say, wait a moment here. For nearly 100 years, the Forest Service has sustained itself, and why should it not continue to in the future? So, I have never viewed revenue as a negative.

You and I will differ as to how that revenue might be generated, and I am one who has explored a tremendous number of alternatives besides logging as a primary revenue source. That is what in this legislation Senator Wyden and I were very cautious to avoid, any kind of incentive in the language. Now by your testimony, you are suggesting that any tie is an incentive for revenue generating activities. Well, that is where you and I will differ and my guess is that you are going to find a Congress most resistant to that.

Let me also suggest that the option you have just thrown out maybe already has been vetted. I kind of view that as a back door DeFazio decoupling process. So, I am not so sure you were that creative in your original thought.

Be that as it may, let me ask you some questions that I think are pertinent to the record as we build a record on this issue to see where our real differences are and those areas that we might work out and those areas that the policymakers of the Congress will just decide to hand to this administration and decide whether you are going to fish or cut bait, sign a bill and get on with the business of managing the forests or not. Because ultimately those of us who are elected by the people kind of view ourselves as policymakers with the right to craft the public policy of our country with the administration's responsibility to administer it. I know that question is in conflict at this moment with this administration and with Congress, but be that as it may, we will work out our differences over time.

First, I would like to read to you Gene Sirmon's testimony, who is on the next panel. He indicates that the House bill is directed to ensure that the method of resource management is in accord with the definition of sustainable forest management in which ecological, economic, and social factors are accorded equal consideration in the management of the Federal lands and believes this is a guidance we should all be able to agree with.

Do you believe the administration should support this concept as an organizing principle for national forest management, and if so, does this conflict with the philosophy embodied in your recent released planning regulations? Do you agree with that statement or are you in conflict with it?

Mr. LYONS. With all due respect, Mr. Chairman, if you could just repeat that statement, then I will respond to that. I kind of lost it in the translation.

Senator CRAIG. Sure. Mr. Sirmon says that to ensure that the method of resource management is in accord with the definition of sustainable forest management in which ecological, economic, and social factors are accorded equal consideration in the management of the Federal lands. That is what he says, and believes this is a guidance we should all be able to agree with. Can you agree with that?

Mr. LYONS. I agree, Mr. Chairman, that we should be operating in a manner that seeks to provide sustainability, and I think the foundation for the proposed forest planning rules that were issued just a short while ago is to promote the notion that through managing for ecological sustainability, we can in fact provide for social and economic sustainability. In essence, by insuring the productivity of the land, we can insure that those lands provide the goods and services that all Americans in the specific rural communities who depend on them—

Senator CRAIG. Are they equally important, though?

Mr. LYONS. I think we have a responsibility to maintain the ecological values of those lands as a basis for meeting the needs of communities and of all Americans, yes.

Senator CRAIG. Then you are saying that ecological values are more important.

Mr. LYONS. No. What I am saying is maintaining the health and productivity of the land is the foundation for meeting the social and economic needs of communities in the country as a whole.

Maybe I could address the related part of your question, Mr. Chairman.

Senator CRAIG. Well, what I am coming at here, Jim, is quite easy. When social and economic values do not meet ecological values, who wins?

Mr. LYONS. Well, I think we operate at peril if we elect to impair the productivity of the land for the sake of some short-term gain. I do not think that is what you are proposing, but if that was the question you asked, that would be my answer.

Senator CRAIG. Well, we will leave it at that. I do not think anybody who has any business on our public lands is interested in short-term gain. If we are not looking at the long-term health of the forest which ought to fit both social and ecological and economic needs, then we ought not, any of us, be here.

Mr. LYONS. I agree, Mr. Chairman.

Senator CRAIG. Much of your testimony with respect to section 6 is designed to make sure that investment projects do not result in undesirable environmental outcomes. Is that not generally correct?

Mr. LYONS. I think a portion of it is, although the legislation clearly states that projects would have to be consistent with the forest plans and comply with applicable environmental laws. What I have a concern for—and the Chief may want to address this—is that with a goal or with an emphasis being placed on generating revenue, which of course is cost-shared with the communities, that there might be a tendency to cut corners and to not ensure that we are meeting the full intent of the environmental standards.

I would add to that my concern that placing an emphasis on revenue generating activities could, in fact, skew the balance of projects that would be implemented and administered. I will give you an example.

Senator CRAIG. There is no emphasis in this bill or in the proposed law.

Mr. LYONS. I think as it were to be implemented, Mr. Chairman, I would pose this thought. If you were an elected member of a school board that was a participant in one of the advisory committees working with the Forest Service, would you be more inclined to try and emphasize projects that are going to generate more revenue to benefit the school board or would you be inclined to support projects that did not generate as much revenue but maybe achieved some other goals and outcomes? I would suggest to you, given the experiences I have seen, particularly with States that have lands dedicated to funding schools and other purposes, that that economic incentive does tend to take priority. And that could create a problem.

Senator CRAIG. Well, Jim, you hung up on a line. Read a little further down. Projects consistent with the forest plan. The supervisor of that forest could say, no, it is inconsistent with the plan. It also has to arrive at a consensus with all the stakeholders involved. Absent the consensus, the money does not stay there. Read a little further down the bill. You are hung up.

Mr. LYONS. No.

Senator CRAIG. No. You are.

Mr. LYONS. Okay, I will accept that.

Senator CRAIG. That is clearly the intent of the bill. That is the way it is read; that is the way it is written.

Mr. LYONS. Well, let me just point out—

Senator CRAIG. If all of the stakeholders at the table decided that something that was revenue generating was necessary and important, and it fit within the forest plan, and it complied with all the environmental laws, and it happened to generate revenue, oh, my goodness.

Mr. LYONS. No, that is not a problem.

Senator CRAIG. Most importantly, I think most of these communities would be interested in seeing projects completed, not hung up in court because we do not deny that, not embattled, making it all the way to Mike Dombeck's desk to be arbitrated. Not at all.

I know your frustration. It takes you out of power and allows those communities to have a little say. That is damaging, is it not?

Mr. LYONS. No. Actually that is where we want to go, Mr. Chairman.

Senator CRAIG. That is not where you are going.

Mr. LYONS. Could I ask a question, Mr. Chairman?

Senator CRAIG. Please.

Mr. LYONS. When you say stakeholders, who are you referring to? Are you referring to the investment project advisory committee?

Senator CRAIG. I am referencing the committee that is appointed and confirmed by the Secretary to make these mutual decisions as to recommendations that they would approve, yes. To the Forest Service.

Mr. LYONS. Well, we can discuss the makeup of that committee I think at an appropriate time, but I would suggest that that constitutes a group of stakeholders who clearly have a vested interest in revenue generating activities on the forests.

Senator CRAIG. Absolutely.

Mr. LYONS. Number one.

Number two. I would point out that while the project may be consistent with the forest plan—

Senator CRAIG. Well, let me give you a dialogue that frustrates you I know. I am phone conferencing with a group of county commissioners and school board presidents and superintendents yesterday in north Idaho, Shoshone County. They said, would a member of that environmental group out of Spokane that is headed up by that doctor have to be on our committee? And I said, yes. His local representative or the local representative of that organization would want to be there and should be there because they have a stake in the way the forest is managed. What about a member of the Idaho Conservation League? Well, yes, very much so or it probably would not be approved by the Secretary because it would not be representative of all of the stakeholders. And they said, oh, okay.

The point I am making is when Ron and I crafted this legislation it was not to bias an outcome, although you do not believe that by your immediate past statement. It was to begin to bring communities together that you have created tremendous conflict in, Jim, and are in the process of destroying across the West as we speak. And we are trying to bring them back together in some form of civility and decision making. That is why we have mentioned the

word in law "consensus" and that these committees would be nominated by but appointed by the Secretary or his or her representative. I am sorry that your past experience results in mental ghosts, but Ron and I have worked awfully hard to cleanse this legislation of ghosts.

My time is over. Let me turn to Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman. I want to focus on this question, Mr. Lyons, about why you are opposed to an approach that is in line with your forest plan and in line with all of the Nation's environmental laws. It seems to me that you are announcing this morning is that you fear your own people. You fear what your own people are going to do as they administer the forest plans.

Senator Craig has moved a great distance from a position that many of his constituents feel strongly about. A lot of his constituents feel that if the cut is not high enough, let us just whack Mike's budget. Let us take it out of the wildlife and conservation budget. We have rejected that approach, and now you are coming and saying that you reject an approach that is in line with the plan that you have offered and complies with all of the Nation's environmental laws.

I will tell you that I think what you have offered this morning reaffirms what the Oregonian said in their editorial yesterday, and I am going to read you just a paragraph. This is a paper that has consistently supported you in your work on roadless issues, on the question of the President's forest plan. On one issue after another, this paper has supported you. And here is what they said yesterday.

"The truth is the Clinton administration has no interest in the hard, nitty-gritty work of forest policy. It won't resolve the problems with the survey requirements in the Northwest Forest Plan which have blocked all logging in the spotted owl areas. It is sitting out the debate over how to ensure a fair level of Federal payments to impoverished timber counties which desperately need money to pay for schools and roads. It hasn't even bothered to address the real issue of forest roads, the lack of money to maintain or close the tangled, poorly built roads on public lands." This is a paper that has been with you in every major area of forest policy.

So, I would like to begin by having you answer the question specifically of why you fear what your people would do as they carry out a forest plan in compliance with the Nation's environmental laws.

Mr. LYONS. Well, Senator Wyden, let me make clear, first of all, with regard to the editorial, if I could, that I think the record is different, and this is why I do not believe in editorials.

But we have been a part of the debate. In fact, my statement I think today reflects the fact that we want to be a part of that debate. We initiated the debate in proposals that we presented in our budget submissions the past several years.

With regard to roads, we have raised the issue of roads. We initiated the debate over roads. I was a part of that 3 or 4 years ago in Interior Appropriations testimony where we were pointing out the extent to which we needed to deal with roads because of their significant role as part of the rural transportation system.

With regard to your specific question, though, Senator Wyden, I just want to make sure we do not create a situation where we are converting the national forest to the national equivalent of trust lands.

Senator WYDEN. Jim, it has got to be in line with a forest plan, not something that is invented anew, something that you all are implementing now.

Mr. LYONS. Yes.

Senator WYDEN. What is wrong with that?

Mr. LYONS. Well, the problem is that we do not have the capacity to fully fund and implement forest plans. There is a wide spectrum of projects in each and every individual forest plan. Let me give you two hypotheticals that would concern me.

One, for example, is the potential to invest in a project that will generate more revenue from commercial timber production as opposed to investing in a project, let us say, on the east side that is critical for forest health but generates less revenue. Would a prudent county commissioner or a school board member support the former or the latter? I think the revenue incentive that comes of the commercial timber sale might tend to emphasize or encourage this advisory board to try and promote that approach. Now, both projects would be consistent with the forest plan, but the revenue generating one might be chosen over the one that addressed, say, a broader—

Senator WYDEN. All of these projects come from what Mike Dombeck, an innovative Chief of the Forest Service, has designated as priorities.

So, let us ask now what exactly do you oppose in section 6. Do you oppose the provision in section 6 that says that each project has to comply with an environmental law?

Mr. LYONS. No, sir, I do not.

Senator WYDEN. Good.

Do you oppose the provision in section 6 that says that each project has to comply with not just an individual forest plan, but also the Northwest Forest Plan?

Mr. LYONS. No, sir.

Senator WYDEN. Do you oppose the provision in section 6 that says that the Federal agency vested with the responsibility to carry out the law would have the last word?

Mr. LYONS. No, sir.

Senator WYDEN. Well, again, I am just baffled as to why you would then oppose something like this which constitutes such a significant step for so many who wanted an original proposal to get the cut up sufficiently high or take it out of Mike Dombeck's hide.

You have I think reviewed some of the testimony from the first hearing. We had a lot of county commissioners who came in and basically said to the chairman, why are you going along with something that does not address our need to cut more? And the chairman basically said, in an effort to try to bring about a compromise here, I have been willing to work with the Democrats to fashion an alternative.

It seems to me he has moved somewhere in the vicinity of 130-140 degrees and I cannot see anything that you all are doing to meet us even a few degrees.

I mean, we have decoupling in our bill, so we can set aside that issue, something else that many of Senator Craig's constituents do not exactly hold rallies for. We have got decoupling.

And then when it comes to the section for empowering local communities, we went out and took all of the principles, all of them, that have been the bedrock of how this administration wants to make forest policy. We said, let us go with Mike Dombeck's priorities and none other. Let us carry out the environmental laws. Let us do it in line with forest plans and let us give the Federal agency the last word. There is no turning of Federal lands over to counties or any of these kinds of far-fetched ideas we used to hear about.

And the incentive to get people to work together is not the old approach of barring the door at the courthouse. We tell people you either work together or somebody else is going to get the money when they work together.

So, I just hope that very quickly you all will stop clinging to an approach that cannot pass this Congress because what you have done again today is to restate essentially something where there are not the votes, number one, and where, in effect, if we just stay in this kind of mode, these towns are going to be ghost towns. They are just not going to survive. They are going to shrivel up and blow away.

So, we need you to meet us halfway. My door continues to remain open, but I am still looking for something to indicate that you are willing to come down the road a ways to work with the Congress. What you have told us today basically just restates your previous position and I think it is very disappointing.

Thank you, Mr. Chairman.

Senator CRAIG. Thank you.

Senator BINGAMAN.

Senator BINGAMAN. Mr. Chairman, I come at this with much less knowledge than either you or Senator Wyden. Let me start with that and really just ask a couple of questions to try to understand better.

I would like to ask Jim or Mike, either one, what is your understanding about final decision making on which projects are to be funded under the bill as proposed by Senators Craig and Wyden? I have heard some of the comment here that the final decision is with the Chief of the Forest Service, and then I see language in here that leads me to believe that the advisory committee has a very major role in whether or not a project is eligible for funding.

Mr. DOMBECK. Well, perhaps that is something that we could discuss and clarify more. My assumption is that ultimately it is the Secretary's or the Forest Service's decision.

Senator BINGAMAN. As to whether or not to go ahead with a particular project.

Mr. DOMBECK. That's correct.

Senator BINGAMAN. Is it also your assumption that you could go ahead with a project even though the advisory committee in the county or in that area did not recommend it?

Mr. DOMBECK. Again, that is an area perhaps we could discuss more. Is it punitive with regard to—if the project gets hung up, then what happens with regard to what happens to the money that the counties then do not get? Is the Forest Service held liable in

any way? Is the credibility of NEPA questioned in any way? That is something I think that is not clear in my mind yet and another area of potential discussion.

Senator BINGAMAN. I need to do more homework, Mr. Chairman, to really understand the structure that you have in the bill. However, I see the language in here that says, no eligible project or group of eligible projects may be funded under section 6(a)(1) without the recommendation of the appropriate committee, which would lead me to think the appropriate committee would be given a very substantial role in any decision making, which may be an appropriate result. I am not saying it is not. I am just asking what change this would be from current law.

Senator CRAIG. Senator, let me respond to you. What you are referencing is the county's money.

Senator BINGAMAN. Right.

Senator CRAIG. And so the county would say, we will spend our money. We have arrived at a consensus on these projects that are already in the forest plan, projects that meet the tests of the Forest Service as it feels its needs are. Remember, it is the county's money.

The Forest Service can do other projects with their appropriated dollars. They could do all of those projects if they had the money.

It is interesting here that we are offering the Forest Service more revenue back to do projects and they are now trying to hang us on it because this ultimately is not their money. It goes to the counties. Then we are saying to the counties, but you must use 25 percent of your 25 percent on projects you choose. That does not mean that those projects become automatic because if they choose a project and the Chief ultimately says, no, that is unacceptable, then the money does not get spent.

Senator BINGAMAN. So, let me just be clear. As to the projects that are funded from the funds we are talking about here, these 6(a)(1) funds, you would have to get both the committee and the Chief to agree on the project.

Senator CRAIG. That is right.

Senator BINGAMAN. So, either would have a veto. Is that the way it is set up?

Senator CRAIG. That is correct.

Now, I must say that the projects that the committee would be analyzing would be projects that were already in the forest plan. Now, they might come up—

Senator BINGAMAN. Consistent with the forest plan.

Senator CRAIG. Consistent with the forest plan that the Forest Service already had on record as projects they want to do.

Now, let us say the committee said there is another project out there that is not on the list because you go to any forest today and they can tell you down the road how many things they would like to do, and they will do them according to money and timing and priorities and all of that. But let us say there is another project out there that is not on the forest list, and this committee says this is critical to this watershed or critical to this area that this be done. We recommend to the Forest Service that you do this. The Forest Service can look at it, but they could have an option to say, no, that does not fit the forest plan and here are the reasons why. Or we

have done no environmental analysis of it at all, and therefore we would have to review it. But in the end, the Forest Service has the absolute say over what goes forward. What we are offering them is an opportunity for more revenue to do the very projects they have recommended.

Senator BINGAMAN. So, if a project is recommended by the advisory committee and the Forest Service were to conclude that it is consistent with the forest plan, we have done enough environmental study, but we do not think it is a high enough priority on which to expend Forest Service funds, then the Forest Service still has the right to say no.

Senator CRAIG. Well, yes. They have said no. So, the answer is yes. They have the right to say no if they have said no.

Now, if they say, no, we do not want to use our money on it, it is not a high enough priority for us, and the committee says, well, wait, it is a priority for us, we want to use our money on it, and it is consistent with your plan, and you have put it on your list, the question is, is Mike Dombeck going to say, no, we are not going to do it if it is consistent with the plan and it is on the list and he has got it planned for 2005, instead of 2001's budget, and the committee says we want to do it now because we think it is beneficial to the area?

Senator BINGAMAN. That is the kind of question I am trying—

Senator CRAIG. And ultimately the Chief can still say no, but the question is, would he if in fact he has a chance to employ his people, get a project done that the county has already said we want to put the money to it? It is the call of the Chief at that point.

Senator BINGAMAN. Let me just ask Jim to respond.

Mr. LYONS. Our concern, Senator, is that I do not think a forest supervisor or district ranger in his or her right mind would turn down such a project. If they want to be a good neighbor and have a good working relationship with the community, they are going to have to shift their priorities to implement those projects that have been identified by that advisory committee. Why? Because if they do not implement them, the counties forfeit those funds. They go back to the general Treasury. So, it completely shifts priorities. It could be consistent with the forest plan, although I would point out that forest plans do not generally include projects. They include standards and guidelines for how we are to do business.

But that runs the risk of then skewing things toward those projects that the committees prefer and I would assume would also generate more revenue because that is in the committee's interest because they share in 50 percent of the revenue generated by those projects.

We can work this out. Mr. Chairman, I think we can work on these things, and I think it is important that we understand what the issues are we are trying to achieve. If it is revenue generation, we can go at it one way. If it is to try and implement the forest plan in a balanced way that reflects the needs of the community in our broader, multiple use mandate, then we can go at it in a different way. We are willing to work on those things.

Senator BINGAMAN. Let me add one other question. Then I will quit, Mr. Chairman. My time is up.

The fact that the funds go back to the general Treasury if there is not agreement on what projects to pursue in that county puts pressure on the Secretary to agree to what the committee recommends, but also puts pressure on the committee to agree with the Secretary. Does it not?

Mr. LYONS. One would hope that this would lead to consensus and compromise.

Senator BINGAMAN. Thank you very much.

Senator CRAIG. Only to shape your thought a little more, the money does not go back to the Treasury. It stays in the fund and it goes to another county who has agreed. So, there is true incentive to arrive at agreements or to choose projects that everybody can agree on. There are clear incentives in it not to raise revenue, but to come to an agreement on projects that all can agree on. I think that is fundamentally different.

You wanted to make a comment on this?

Senator WYDEN. I am still just flabbergasted, Mr. Lyons, at the fact you do not trust your forest plans and you do not trust your people. They are going to be presented with a proposal. For it to have any chance of acceptance by the Federal land manager, there has got to be a consensus. We have environmental people and industry people and scientists, all the stakeholders. The Federal land manager can reject it categorically if it does not comply with the plan, if it does not comply with an environmental law. And you are saying that somehow these Federal land managers are just going to kind of panic and look for quick cash or something and, in effect, saying you do not trust your own people. I think that is a very unfortunate position to stake out.

I can tell you I feel very good about the people that Mike Dombeck employs in the State of Oregon. I think they are very dedicated and very professional, and I think they are frankly most exasperated because they cannot get any clear direction out of what goes on in Washington, D.C.

I will have some more questions later on.

I think Senator Bingaman has asked the key kind of issue about how we would go forward at the county level, and the bottom line here is nothing can happen if it does not comply with the environmental laws, does not comply with forest plans, and if the Federal land manager does not agree in the final judgment. And for reasons that baffle me, that is unacceptable to you, and I think that is unfortunate.

I will have another question or two in a minute, Mr. Chairman.

Senator CRAIG. Thank you.

Let me try a different tack on you then. Trying to understand where you are coming from on this is very important to us because you have offered to work with us, and so far I see a relatively large gulf out there between where the Senator and I would like to take this issue and our colleagues and where you would want to go with us.

If we can agree on parameters for all these projects which foster, let us say, only environmental benefits through their implementation, then it is fair to say we might reach an agreement on section 6? If that were the criteria, only projects that foster environmental benefits. A small amount of money, 25 percent of the 25 percent,

a drop in the water bucket of the Forest Service's revenue, only for environmental benefits. Going once, going twice.

[Laughter.]

Mr. LYONS. Obviously that is a generous offer, Mr. Chairman.

Senator CRAIG. Okay. If we can then agree to stipulate that these projects, environmentally benign at the front end, if that is something we could agree to, and given that over 50 percent of your funds are consumed by environmental analysis and not project implementation—and that is about where your budget is today—would you then agree that we could waive some of the environmental analysis and compliances required that normally attend these projects on the national forests?

Mr. LYONS. No, I could not agree to that, Mr. Chairman.

Senator CRAIG. I did not think so.

Mr. LYONS. One out of two is not bad.

Senator CRAIG. I did not think you would agree to that. Even though the world would agree that they are environmentally benign and enhance the environment, we could not agree to go ahead and spend 50 percent of your resources on an analysis of them.

Let me suggest to you that if we go down the road toward prescribing the kinds of projects that would be allowed in section 6 and reach a point in the road where we agree on a very small and circumscribed category of projects that could be funded because they are acceptable to you, I will be insisting that these projects be exempt from the phenomenal time consuming and costly environmental analysis that normal Forest Service projects are required to undertake. You and I will have preempted the kinds of analysis that would normally need to attend during the environmental reviews.

So, be aware that if we have that discussion, Jim, if you and I are going to sit down and say, that is it and no more, we are going to return some ability to make a recommended decision back to the Chief in a very narrow category, and the categories are so tight that everyone can agree that they are environmentally benign or environmentally enhancing, and you still say we are going to spend millions and millions of dollars studying them after the fact, then you and I cannot come to any agreement here.

Let us go back to the plan, as Senator Wyden says. Let us go back to the projects within the plan and get on with the business of spending half your budget not in implementing plans, but in studying them.

Yes, please. I have talked too much.

Mr. LYONS. Mr. Chairman, it seems to me you are offering me, if you will, since this is the nature of the dialogue, something consistent with what the bill provides for, and that is these projects have to be consistent with environmental laws. Senator Wyden has made that clear many times.

Senator CRAIG. Sure.

Mr. LYONS. You are presenting to us what has been proposed—

Senator CRAIG. The difference being consistent with law and benign to the environment or environment enhancing because you would suggest, I would guess, that logging is not environmentally enhancing.

Mr. LYONS. I am not suggesting that at all, Mr. Chairman.

Senator CRAIG. Oh, it is your actions. I am sorry. Not your words. Excuse me. I get confused.

Mr. LYONS. Yes, sir.

I want to go back to one point, if I could, that Senator Wyden raised and that is that we are not moving in this dialogue. In my opening statement, I suggested that perhaps an option would be to allow the communities to choose either your approach or the administration's approach. Is that not something that is even worth dialogue? In which case I will not bring it back to the administration to discuss it. It seems to me that is about as halfway as one can go. We will do both and see what plays out.

Senator CRAIG. Well, I suspect that if any reasonable or responsible community leader read our dialogue in the transcript of this committee, they would say, oh, what the hell, let us take the money and run because we will never get anything through a Jim Lyons' type Secretary or a Mike Dombeck kind of Chief. So, any gesture of collaborativeness, even though they write it in their regs, is out the window. So, let us just take the money and run.

Now, the problem happens when they take the money and run. You have accomplished your decoupling. You have divorced the communities where rural poverty is the highest in our national history out in the West and in timber-dependent communities or public land-dependent communities, and you say to Senators like Conrad Burns of Montana and Ron Wyden of Oregon and Larry Craig of Idaho you are now in a minority welfare State status, and even though we have not offered you permanent funding, because you do not offer that in your proposal—you do 1 year and then say beg for the balance year after year, consistent with what a Congress wants to do, not what is written in the law. Now, that is how I read your bill. You read ours differently.

My point is simply this. We are not going to force the communities that are being impacted by your decisions into a welfare State mentality to maintain their infrastructures when they have had a working 100-year relationship, a very positive one, with the public lands. Policies can change as to what we do with the public lands, but the relationship should not. We view those as positive and constructive and environmentally enhancing.

Apparently that is an argument that is so far from your ability to comprehend and why you argue decoupling because that really is the final thread that a John Day, Oregon has with its land around it. And I know it is not their land. I know it is the Federal Government's land, and I know you are the caretaker of it, and Mike is the Chief, and so on and so forth.

But that is our problem, and I cannot blame these communities for coming begging. They are desperate and you have offered them crumbs with no guarantee of a future.

Mr. LYONS. Mr. Chairman?

Senator CRAIG. Yes.

Mr. LYONS. Thank you, Mr. Chairman.

Just for the record, I want to be clear what we are offering. The administration has moved, in fact, from its initial proposal to accept—in fact, to propose 100 percent funding, to propose an adjustment for inflation and to assure permanent funding for these State payments. So, I want to be clear. That is what we are proposing.

Senator CRAIG. Well, let me analyze that for you very quickly, and then let me pass on to Senator Burns.

I think you incorrectly suggest that the administration's proposal provides mandatory permanent payments not subject to the annual appropriations process. In fact, with your legislative language, you provide the Congress with 1 year of offsets for discretionary domestic spending. That means in each successive budget cycle, the Department and OMB will have to come up with offsets to fund the authorizing language that you provide us. This is by no means a permanent solution. How can you reconcile that reality with your assertion that you have just made and stated in your testimony, Jim?

Mr. LYONS. Because this has been an evolving process, Mr. Chairman, and we have had dialogue with our colleagues in the House.

Senator CRAIG. Do you agree with what I just said, though?

Mr. LYONS. What I am proposing is we are seeking a permanent funding source, and that is what we propose to do.

Senator CRAIG. But you do not have one.

Mr. LYONS. I think just as this dialogue evolves, we will find one, and that is the whole point.

Senator CRAIG. But you do not have one now. Is that correct?

Mr. LYONS. In the bill we initially proposed, we provided a basis for permanent funding.

Senator CRAIG. But was it inappropriate for me to suggest that it was not a permanent fund? No. The record will show that I was accurate.

Mr. LYONS. Mr. Chairman, I want to point out that the original bill proposed 5 years of offsets, and consistent with the way in which we make payments to States today, we would provide that permanent funding base.

Senator CRAIG. All right. Well, we will leave it at that.

My time is up. Let me turn to Senator Burns. Conrad, thank you for joining us.

Senator BURNS. Thank you, Mr. Chairman. I do not have a statement or anything, but I want to ask a question, and maybe Mr. Lyons or Mr. Doyle can answer this.

Was the administration in favor of full funding of PILT this time?

Mr. DOYLE. The administration supports the funding of PILT, and I think in this year's budget, we were at \$135 million.

Senator BURNS. Is that full funding?

Mr. DOYLE. No, it is not, sir.

Senator BURNS. Can we expect the same thing under the proposal that has been put forth here by the Forest Service?

Mr. LYONS. Senator Burns, we have a good track record and consistent track record in funding payments to States, and that is why the counties can count on continued performance under the proposal that we present.

Senator BURNS. I am just going to make my decision based on history, and I have no further questions.

Senator CRAIG. Senator Wyden.

Senator WYDEN. Thank you.

Mr. Lyons, in your written statement, you say that the administration wants to modify the funding mechanism section in S. 1608. Could you describe the modifications that you would like in the funding mechanism for S. 1608?

Mr. LYONS. Senator Wyden, if we were to go with the funding mechanism that included some portion of revenues from the national forests as a part of the mix of funding that brought us up to, say, the 100 percent level, our desire would be that those funds be put into a separate account and that we then add to that account whatever additional resources were necessary and then made the payments to the counties. I guess my point is that we do not want to have to make those allocations on a county-by-county basis; that is, I would like to see the revenues generated in total be put into a separate account and then that would be the basis for making the final payments to the States.

Senator WYDEN. Well, I would like to ask that you begin to work with the majority and the minority staff of the committee immediately on any specifics you have with respect to modifications of the funding mechanism. I guess for some reason, I am going to insist on banging my head against the concrete here until we make some real progress. And if you can get us in writing what modifications you wish with respect to the funding mechanism, that would be constructive. Can we have those by the end of this week?

Mr. LYONS. I will do my best to get those prepared, Senator. If not, it will be the first part of next week.

Senator WYDEN. As you know, we are faced with just a session that is about to end very quickly, and we would like to get this done. If you can get us the modifications in the funding mechanism that you want hopefully by the end of this week, but certainly by the beginning of next week, that would be helpful. We need you to work with the majority and the minority staff on that point.

The other question I had is you have essentially rejected both in your written statement and your oral statement—in your written statement, you say you strongly oppose section 6 of the bill—our approach to encourage cooperation and agreement between Federal land managers and rural communities. What are your ideas on encouraging cooperation between the Federal land managers and rural communities? If you do not like ours, we would like to hear what you want.

Mr. LYONS. Well, I would answer that in two ways, Senator. First of all, in the forest planning rules, we proposed a very different working relationship between our line managers, forest supervisors, district rangers, and the communities in trying to encourage much greater collaboration, much more dialogue at the front end of the process, as opposed to a situation that we have now where communities and other interested parties are forced to react to proposals, and in fact have proposed the creation of advisory committees or the use of RAC's and other existing advisory committees that we have had some success with as a means to try and further that kind of collaboration and dialogue.

With regard to your specific proposal, I think there are a number of areas we would like to see modification if we were to move forward with some sort of pilot test of the mechanism that you have proposed in the bill.

Senator WYDEN. Well, again we are willing to meet this administration half way. If you will give us specifics on what you want modified in section 6, we will entertain them. It seems to me in your written statement you made comment about how there were ways to streamline it and simplify it. Absolutely. This is your bailiwick, not ours. Give us those suggestions.

But I will tell you what has been most troubling to me today about your comments on section 6 is you are sending a message that you do not trust your forest plans, you do not trust your people to implement the forest plans. I think that is a very disconcerting message, and it is especially disconcerting when Senator Craig is hearing from people who wanted something that I and you were very opposed to, which was a bill that would take it out of Mike Dombeck's hide if the cut did not come high enough. We have rejected that approach. We embraced decoupling. We have moved a considerable ways.

Even your answer initially, when I asked you in terms of cooperation between Federal land managers and rural communities—that is what we are doing in section 6. We are giving people a chance to get there early rather than playing catch-up ball later on. That is what we want to do. We want to do it in line with the priorities that Mike Dombeck has laid out. We use those advisory committees in a constructive way. If you have got suggestions on how we can improve it, we are willing to pursue those as well.

But we have got to make some headway and make some headway quickly. I am going to go back and take your oral statement and your written statement and see if I can divine anything that really departs from what you all have said earlier, which cannot pass the Congress. And if it cannot pass the Congress, our rural communities shrivel up and vanish. So, we have got to stay at this. My door continues to remain open. I know the chairman's door continues to remain open. But the sand is leaving the hour glass. We have got to make some progress and quickly.

I do not have any further questions, Mr. Chairman.

Senator CRAIG. One last question of you, Jim, and then we will let you go. You have been very generous with your time, gentlemen. We appreciate it.

When you talk of your proposal and how you would have funded it, did your offsets not include things like timber sale user fees and increased recreation fees?

Mr. LYONS. I think there were a number of things proposed, Mr. Chairman, that we have reevaluated. So, I want to make clear that our goal is to come up with offsets that would provide assurance to the counties and the States of a permanent source of funding.

Senator CRAIG. My question was specific. Did your offset not include timber sale user fees and increased recreational fees?

Mr. LYONS. I do not believe it included increased recreation fees. I know that the administration's budget submission included a proposal to charge fees for preparation of timber sales. I do not know the specifics enough to respond adequately, Mr. Chairman.

Senator CRAIG. Go back and check.

Mr. LYONS. I will do that.

Senator CRAIG. I think I am accurate in saying both were included. Those are some of the offsets listed in the President's mid-session review submitted to Congress for fiscal year 2000.

So, does that not mean that in order for the funding of the work for the administration's proposal we will need increased revenue off the national forest lands? If we go with decoupling with you and a permanent money, we are going to have to find revenue coming off the national forest lands because that is what you proposed in the mid-year approach.

Mr. LYONS. It would not necessarily require increased revenues off the national forests. It would require certain offsets I know, Mr. Chairman.

Senator CRAIG. So, you are saying the money would not have to come from the Forest Service. You would go out and take it from somebody else.

Mr. LYONS. Well, Mr. Chairman, let me suggest this. I do not believe your bill specifies where the money comes from. We ought to sit down and figure out how we would go about doing that.

Senator CRAIG. No, we do not. You are absolutely right. We are looking for offsets now.

Mr. LYONS. Well, I think we are in the same place, Mr. Chairman.

Senator CRAIG. Well, okay. I am just trying to make you honest here with what you suggested.

Mr. LYONS. I would rather be that way.

Senator CRAIG. Somehow there is an inconsistency between revenue coming from the Forest Service and us suggesting that counties might be able to use some of their revenue to generate revenue, and somehow that has got you hung up even though you might be proposing some.

Okay, thank you, gentlemen, very much.

Senator BURNS. Can I ask a follow-up question?

Senator CRAIG. Sure.

Senator BURNS. Did you say you are proposing additional fees for preparing timber sales?

Mr. LYONS. That was part of the initial budget proposal, Senator.

Senator BURNS. Have you given up on that?

Mr. LYONS. I hope so.

Senator CRAIG. Those proposals were dead on arrival, Conrad, I think. Maybe they were not alive when they were sent up.

[Laughter.]

Senator BURNS. Well, I was just wondering.

Jim, I will tell you what is perplexing Senator Wyden and all of us is—you know, I got 20 years of refereeing football. I have yet to work on a field where the goal posts have not been permanent, and I get a feeling that you are not being very candid with us whenever we ask you for a proposal that you will stick to. You understand? So, rather than get caught in that where you would have to be a person of your word, you just skirt the issue and never put anything down. That is what we want. We want to know precisely where you are coming from and how you are getting there and what you want, and if you will move, then give us an idea of which direction to move. But I am getting tired of these moving goal posts. See, I don't understand that.

You know, I was watching C-SPAN this morning, and David McCullough was giving a lecture on Harry Truman. He happens to be one of my favorite Presidents, number one, because that was the first President I have ever known or had knowledge of and knowing personally. And he was asked from the audience how Truman would differ from the different Presidents, and the guy just started ticking them off and ticking them off. And he says, how does he differ from the President we have now? And David McCullough says, if Harry Truman would have taken a drink of good old bourbon whiskey, he would have swallowed it.

And that is where I am coming from here because I made one mistake several years ago, and you know what that was. And I will take that mistake to my grave. But I am getting tired of moving goal posts. That is what we want. We want your proposal written down, and if we meet it, we want to check it off, and we do not want to revisit it again.

Mr. LYONS. Senator, that is a fair request, and I think we will try our best to put in writing what our specific concerns are.

But I want to make clear one thing. You know the nature of this process, as well as I do, and things change. The discussions we have had with your colleagues in the House about the Boyd/Deal bill have led to changes in where those members are with regard to their proposal. The goal posts have moved.

I think Senator Wyden, in discussions we have had, albeit brief, has indicated let us work together. That means the goal posts move. I think that is the nature of the dialogue on this difficult issue. We need to figure out how we can establish the parameters within which we are going to work and then sit down and work together to try and come to an agreement. I am more than willing to try and make that happen.

Senator BURNS. I have no problem with that. My door, just as with Senator Wyden, is open too.

Mr. LYONS. And I have known that to be the case. I appreciate that.

Senator BURNS. I made a couple of terrible mistakes, and I will admit to the world. We do not have confession in our church, but boy, I have confessed that in front of the largest altar in the world. Hit me once, shame on you. But hit me twice, shame on me.

Senator CRAIG. Well, Mr. Secretary, Chief, and Mr. Doyle, let me thank you all very much. My door has always been open and the Chief graces it on a regular basis, and I appreciate that. We have maintained dialogue. At least he informs me of the decisions you are making, and that is always appreciated.

But I must tell you from day one, Jim, as we have consistently asked you to work with a bipartisan Congress to craft policy, you have said I am there to work but it has never happened. You did your roads thing and now you have done this other thing, and it just keeps on going.

When the Chief of the Forest Service calls me and says, oh, by the way, it is true the President is going to make an announcement tomorrow, a major policy initiative, although you are calling it regulation, and I said, oh, well, can you tell me anything about it, and his answer is no, that is fascinating, that the White House makes these decisions instead of the Chief.

Thank you, gentlemen, very much for coming.

Now we will ask our second and last panel to come up: Lynn Jungwirth, executive director, The Watershed Research and Training Center, Hayfork, California; Carol Wright, executive director, Klamath Forest Alliance, Etna, California; Gene Sirmon, executive director, Mississippi Public Lands Coalition, Brandon, Mississippi.

Thank you for your patience, and we are pleased that you would come to testify before our committee on what I think we all recognize is a tremendously important issue. We will let you all get settled. Lynn, we will start with you. If you would pull that microphone as close as possible so we can hear you clearly, we will start with Lynn Jungwirth, executive director, The Watershed Research and Training Center, Hayfork, California. Welcome to the committee.

STATEMENT OF LYNN JUNGWIRTH, DIRECTOR, THE WATERSHED RESEARCH AND TRAINING CENTER, HAYFORK, CA

Ms. JUNGWIRTH. Thank you, Mr. Chairman. It is wonderful to be here.

You need to understand a little bit of my background.

Senator CRAIG. Please.

Ms. JUNGWIRTH. I am from a little former timber town in northwestern California that is now an ecosystem management town.

Senator CRAIG. I see.

Ms. JUNGWIRTH. We are part of the President's plan. We have been trying since 1994 to make that work for our community and for our forest.

I also chair the Communities Committee of the 7th American Forest Congress, and so I work with communities all over the United States, some surrounded by private lands, many surrounded by public lands, who are trying to make a transition to what the new social values are.

We have been impressed with the ability for collaborative groups to get together at the local level and discover common ground. We have been hoping for many years that we would see some congressional leadership that would begin to craft the common ground here. I have to tell you, we love this bill. It is exciting. It is innovative. It is just right.

Now, there are people who have come and said, well, you can make it better if you do this. God, do not try to give the money back if the Forest Service cannot do it in a year because they cannot do anything in a year. Give them more time. There have been people that said, move that decision making down further than the Secretary level. Put it down with the forest supervisors. You have gotten a lot of good advice about how to get this going.

The comments that we heard today, I have to admit, are a little concerning to me. The idea that local counties will be money grubbers and go after additional revenue. I have to tell you in my county the frustration has been the environmental community wants the roads closed. There is no money to do the road decommissioning. There is no money to do the NEPA because someone else's priorities someplace else does not put that money in the Forest Service budget for us.

The communities are burning up. We have a 100,000 acre fire just north of us in a roadless area in a wilderness area in the late seral reserve in the key watershed. The area that we wanted to protect the most we cannot protect from fire because we do not have roads for access and because we left the blow-down in there and it blew up.

So, we have been very concerned that the Forest Service budget will not address our concerns which have very little to do with timber harvest. The Forest Service has a big budget for timber harvest. The local joke is: no boards, no bucks. But the communities need the fuels reduction done around their towns. They need the fuels reduction done around the forests and the late seral reserves. They need the roads decommissioned. We do not even have money in the Forest Service to pump the toilets in the recreation area. So, I am not worried about Trinity County making decisions to rape and pillage the forests so that we will get more money for our schools. We are way beyond that.

And I have to thank you very much for acknowledging this publicly.

I would like to move off the schools and roads issue now and talk about what to me is the most exciting part of this bill. We have been looking desperately for some kind of permanent funding for reinvestment in the public land, the stewardship activities, permanent money. And what you are asking our counties to do is to give back that 25 percent of the 25 percent for those stewardship activities so we can do the watershed restoration. And you know what? Counties are saying, you know what? That is fair. That is good. We would like to spend that money back on the public lands. We have said no decoupling without recoupling. If you are going to decouple us from timber, recouple us to the land through stewardship. I cannot believe you are trying to do it. It is the most exciting piece of legislation we have ever seen.

I know that one of the things that you are going to deal with if you ever get this through will be implementation. So, I am going to briefly address ways I think you can improve this to make implementation happen.

My background is I work with practitioners, I work with implementers, people who did the Jobs in the Woods program, people who have tried to build a new ecosystem work force. So, we have these suggestions.

No. 1, since this bill is an attempt to kind of put Humpty back together again, because as we all know, the Forest Service system is broken, what we believe will help do that are things that are in here that nobody talked about this morning, things like focusing on best value contracting. That rewards people for being good stewards. It is a marvelous idea. Best value contracting already exists. You have added definitions to it. Please keep those in there. It is very important.

But we know that the dollars that will be spent will be dollars the county gives back to the Forest Service and the BLM, and then they will try to get the work done with their current staffing or they are going to have to contract that out. It is not just money with the Forest Service and BLM. Their staffing levels are way too low to get almost anything done anymore.

So, since I understand that you need to vest that back into the agencies so they have control, you have to give them some other tools to get it back out. It cannot just be timber sales and best value contracting. We have often used memorandums of understanding with the Natural Resource Conservation Service. We have used challenge cost share agreements and cooperative agreements for training because we are going to have to do job training. This is a different kind of work.

I would also ask you to consider adding authority for the national forest system and BLM to provide Federal assistance through a granting authority to local government, NGO's, and tribes because we will be mixing funds. We are going to be mixing State funds, private funds. The Forest Service does not have good mechanisms to be a good partner. That is really important.

And I would like to finish by suggesting that you need a monitoring component. Jim Lyons is concerned that we will go after receipts and do bad things. We need to be able to show the American public the outcomes from this work, and the outcome is not how much money did you make. The outcome will be are the trends on this land, in terms of the health of the watershed, going in the right direction. That monitoring needs to happen at the local level with the participation of the national interest groups. And I would ask you to include that.

Thank you.

[The prepared statement of Ms. Jungwirth follows:]

PREPARED STATEMENT OF LYNN JUNGWIRTH, DIRECTOR, THE WATERSHED RESEARCH AND TRAINING CENTER, HAYFORK, CA

Mr. Chairman, thank you for the opportunity to participate in the discussions surrounding S. 1608. I am from a former "timber town" in the heart of the Shasta-Trinity National Forest and in my capacity as Chair of the Communities Committee of the 7th American Forest Congress I have worked with many community groups throughout the nation. Today, I am speaking on my own behalf, offering my perspectives as someone who has worked with poverty and forest issues for the last 20 years.

I am encouraged by this bill. To me it is a sign that Congress recognizes the profound change taking place in national forest management and the communities tied to national forest lands. This bill acknowledges, in a very real way, the social and ethical obligations of the nation and local communities to institute a stewardship relationship with the land. This bill provides funds and creates a mechanism for long term commitment to reinvestment in the health of the land. Thank you for this breath of fresh air.

Others have pointed out some opportunities for improvement in S. 1608, such as avoiding the unintended consequence of jeopardizing the Brush Disposal funds and the danger of moving decisions to the Secretary level instead of the Forest Supervisor. I would agree with those recommendations. I would also agree with giving the Investment Project Advisory Committees more than one year to get this up and running before they have to re-pool the funds.

I am not concerned that a tie to receipts will cause local governments to advocate for more logging or feel that more logging is dangerous and destructive of the environment. I understand NFMA and NEPA will remain in place and those safeguards will still exist and be required of every project funded through this process. In my community the emphasis will be on fuels reduction and salmon restoration.

I will address, however, my concerns about the implementation of this bill.

The people I work with are practitioners, implementers of this new art of ecosystem management. We have developed new job training programs for a new Ecosystem Workforce. We have created economic opportunity from management for biodiversity. We have built processes for decision making around sustainable forestry. As implementers, we have learned much about restoration forestry. We have learned that the shrinking forest service budget simply does not have adequate funds for restoration, rehabilitation, and maintenance. The money in the budget

pays for environmental analysis, public participation and NEPA analysis, and timber sale preparation, but often leaves the agency woefully short on implementation dollars for restoration and maintenance. Our environmental community is terribly frustrated that important road decommissioning and watershed restoration cannot be accomplished because the project NEPA is unfunded and implementation dollars are scarce. Our local communities are frustrated because the defensible fire breaks and fuels reduction activities around their towns cannot be planned and implemented. Our local forest products industry is frustrated because the few precious dollars available for timber production are spent in planning and then wasted when sales are appealed or new injunctions are announced. The system, in fact, is broken.

Broken or not, however, it cannot be abandoned. I see this bill as an attempt to begin the arduous task of gluing Humpety together again.

As an implementer, then, my comments suggest ways to improve the odds for successful implementation:

The current version of this bill has the counties giving money to the Secretary for implementation. This will mean the dollars will be spent within the agencies, Forest Service and BLM, and their current procurement processes. I understand the necessity of vesting the money within the agencies, but I know the difficulty with implementation is not always money but a question of staffing. Therefore, the agencies need more ways to get the work done than commodity sales or "best value" contracting. Other tools need to be added to provide the necessary flexibility for implementation. We have often used Memorandum of Understanding with the Natural Resource Conservation Service or the local Resource Conservation District for help with watershed analysis. We have used Challenge Cost Share Agreements and Cooperative Agreements for project based training. These tools need to be included.

I would especially like to thank you and your staff for including "Best Value" contracting in this bill. We believe "Best Value" is essential to the development of stewardship contracts. "Best Value," as you have defined it, begins to reward good land stewards who have a commitment to both the forest and forest communities.

I would also ask you to consider adding authority for the National Forest System and BLM to provide federal assistance through Federal Grants to non-governmental organizations, local governments, and tribes to accomplish the program of work and meet the social objectives of the agencies. This granting authority will allow these funds to be used to help develop the local workforce and contracting capacity to accomplish forest and watershed restoration. The lessons of the last five years in the Pacific Northwest and their jobs-in-the-woods approach has led us to this conclusion. Many counties will be doing cross jurisdictional watershed work. Please include the tools they will need.

Finally, I would ask that a monitoring process be included and a report back to Congress be required within 3 to 5 years. The shift from a hierarchical decision making process to a pluralistic one is fairly experimental. We know it will be costly in time and money. We also need to report outcomes on the land and in the communities to the American public. We need an opportunity to reevaluate and make changes. To that end, I would also council you to revisit this decision within the next 5 to 7 years so you have an opportunity for a course correction before it becomes final. Perhaps a way to accomplish this monitoring would be to allow some national interest groups to participate in the Project Advisory Committees for the purpose of monitoring.

Thank you again for the opportunity to comment. We are grateful to Mr. Wyden and Mr. Craig and their staffs for providing this opportunity to develop common ground in forest communities. I am confident that local communities will help invest these dollars wisely in the best interest of the nation and the nation's forest.

Senator CRAIG. Well, thank you very much for that enlightening testimony. My only reaction prior to questions is you get it.

Now let us go to Carol Wright, executive director, Klamath Forest Alliance, Etna, California. Carol, welcome to the committee.

STATEMENT OF CAROL WRIGHT, EXECUTIVE DIRECTOR, KLAMATH FOREST ALLIANCE, ETNA, CA

Ms. WRIGHT. Thank you. Thank you for this opportunity.

I come to you not in my previous position which I have held for about 2 months, but in my former position as a 29-year school administrator, teacher, superintendent in California rural schools and particularly in schools that receive these timber receipts.

So, you have my testimony and my examples. What I wanted to stress are some issues that are in that testimony and that I heard today.

Senator CRAIG. Please.

Ms. WRIGHT. First of all, I want to tell you that the NEA and the Timber Coalition do not represent small school, rural district administrators, and largely communities. I say this because I have been there and because the people you have been talking to—and I know you have talked to Bob Douglas who came and testified before you from Tehama County. Bob Douglas is an elected county superintendent. You have heard in the past from other elected county superintendents. These are not small, rural district superintendents. They do not deal with daily budget and daily services to kids as I have done for many years.

So, I want to ask you, as you do your considerations and your deliberations, to talk with hired people who work in these small schools who actually try to balance budgets and work with services. I am going to talk a little more about that.

But I want to go on to a premise that I have heard today, that these investment project advisory committees are willing and capable and knowledgeable and wanting to reach agreement about projects. My experience is different from Ms. Jungwirth's. I have been involved in many community forums and in many committees. In fact, in my current organization, we are involved in many of the resource conservation district committees. Many of those are sitting on Federal money because they cannot agree on projects. They cannot come together on ways to enhance, even in the agricultural area, some of the water projects we are trying to do.

I would like to tell you that I have a different opinion. I do not believe this is the way to bring schools and communities and forest people together. I believe this is further polarization, and I think it is very important that I stress that. While I believe learning to collaborate and work together and do community service is very honorable and desirable, I do not think there is enough agreement at this point about what that sustainability and resource management and these projects might be that would bring, at least in my county, people together to agree upon these, and particularly as these advisory committees are made up.

As a point, in that these advisory committees, according to how I read the bill, would be made up of teachers and educators—and I ask you, where will the money come from to allow these people to leave their very, very busy, small jobs? In my county, there are 22 one-school districts, and that administrator does everything from transportation and budget and food services and coaching and substitute teaching. These people do not get involved in Federal policy. They do not get involved in politics. They are not the ones involved in these decisions.

The ones involved in these decisions are elected county officials who have tremendous historic ties to the timber industry and they are not representative of districts who need stable, permanent funding.

I have also heard that our communities are destined to forever be dependent upon resource extraction, and I believe Senator Wyden has said several times that these rural communities will

shrivel up and blow away, they will vanish, they will dry up. I am here to tell you that is not so. Our communities are not shriveling up and dying and blowing away. In fact, since 1970 in Siskiyou County we have added over 6,000 new jobs to our job rolls. Forty-two percent of those are in service areas. Twenty-three percent of those are in self-employment areas. For every timber job lost, we have added five new jobs that are in other areas. And I think that is important to note. These communities are very self-determined. We are ready to face a new economy. We are ready to face the 21st Century, and we do not believe that simply extracting our resources, sending them somewhere else to be processed is going to bring the money we need to our communities.

I would like to suggest that decoupling these payments, these receipts from the monies that schools need is the only way to really help our schools. I would urge you to support the administration and DeFazio's idea and bills. I would like also to tell you that I have heard that the Congress is not willing to pass a decoupling bill. I hope that is not true. I hope the Congress is more concerned about these small communities and these schools than that. I hope they will finally decide that we need permanent, stable funding which did not occur even in high timber yield days because of the pricing fluctuation in the global market. We need something better than that. Our school districts need better than that. I would like to suggest that if we want to further our communities and our schools, that we totally decouple these issues.

Thank you.

[The prepared statement of Ms. Wright follows:]

PREPARED STATEMENT OF CAROL WRIGHT, EXECUTIVE DIRECTOR, KLAMATH FOREST ALLIANCE, ETNA, CA

Mr. Chairman and members of the committee: On behalf of myself, the Klamath Forest Alliance and rural educators and school children I want to thank you for the opportunity to testify here today regarding S. 1608. This bill is of particular interest to me as I have just concluded a twenty-nine year career in public school education.

I am here today to urge you to take action that will bring permanent, stable funding to the small rural schools in counties containing public forests. The legislation you are considering, proposed by Senator Wyden and Senator Craig, does not accomplish this. Rather, it continues to keep federal payments to forest communities tied to a controversial community process that will further polarize rural communities and leave students and schools without the assurances of the funding stability needed in these small districts.

Senator Wyden and Senator Craig would like you to consider their bill a compromise that would somehow unite communities around federal land management through projects developed by "Investment Project Advisory Committees." This provision would withhold 25% of the proposed payment to counties for projects to be designed, agreed upon and carried out with the intent of generating additional revenue for counties, schools, the Forest Service and Bureau of Land Management. I can assure you that the chances of this becoming a reality in my rural county is negligible if not non-existent. In my county, Siskiyou County, there is seldom agreement about any aspect of forest health or management amongst the categories of required members of the proposed advisory committees. What can be agreed upon is the need for permanent and stable county payments and the value of preserving healthy forest ecosystems for diversified public use.

Even if agreement could be achieved, the reality is that legitimate ecosystem restoration activities do not generate a positive balance of revenue over costs. The forests in my county are lands where the economic value of the timber was removed from much of the landbase in the 1980's—the era of systematic overcutting and liquidation of Old Growth. Especially in this era of global timber markets, sufficient economic value does not remain in the trees that are left to create a non-deficit timber sale much less generate an excess of receipts over costs. It would be a monu-

mental task to form a representative committee of fifteen collaborative members including school administrators and teachers all knowledgeable regarding forest health issues and willing to follow legal mandates and "best science" for project recommendations.

Furthermore, when the Northwest Forest Plan was implemented, Siskiyou County was already headed towards a more diversified economy. This graph (Attachment A to my testimony)* shows unemployment rates in Siskiyou County from 1993 through 1998. Even though timber cutting was drastically reduced after 1994, the unemployment rate continued to fall. The rate in 1997 was the fifth lowest we've experienced in the last fifteen years. In addition, the value of non-timber forest products has risen dramatically as indicated on Attachment 2 to my testimony.

I don't know how familiar you are with the roles of school administrators and teachers in small, rural schools, but I can assure you I am intimately familiar with these positions. For the past eight years I have been superintendent and principle and often stand-in teacher in one of Siskiyou Counties twenty-two single school districts. I have spent the past twenty-nine years in rural education, approximately half of that in school administration. Rural district administrators spend their busy days working on curriculum, collective bargaining, transportation, school safety, food services, maintenance, budget planning, special education supervision, and are often called upon to coach, supervise the playground and substitute for a teacher. Teachers in small districts often teach two or more grades in a classroom and spend their evening time in classroom preparation and grading papers. Do you want our rural teachers and administrators pulled off their duties to work on forest management? And who will pay for the substitute teachers that will be required?

This Committee has previously heard testimony from Bob Douglas, an elected northern California county school superintendent. He has asked you to support H.R. 2389 and has indicated widespread support in the education community for that bill. I strongly disagree with this recommendation as do many of my former superintendent colleagues. County superintendents are elected officials and many have strong, historic ties to the timber industry. They seldom represent district administrators, school boards or school communities. They do not struggle with the daily budget and policy issues of small rural schools. This is an important point for you to understand. District superintendents are hired, not elected, and owe no political allegiance to the timber industry. Most change districts frequently and rarely are they involved in political issues. County elected superintendents may have the time and support to attend advisory committee meetings and lobby or testify in Washington, D.C., but those who work for rural districts and deliver direct services to kids do not. They won't be the ones attending the advisory council meetings proposed in S. 1608.

The Press has also been referring to this bill as a "compromise bill." I would urge you to consider that what it compromises is the integrity of educators who need to focus on educating kids rather than working on forest management plans. We have a saying in Siskiyou County, "Schools don't need Timber, Timber needs schools." The Timber Industry needs to now and forever be separated from money needed to support the education of our children.

The timber receipt payments represent only a small and shrinking percentage of the overall budget for any particular small district. These dollars are significant to districts, however, as they represent unrestricted funding that can be used at the discretion of the district and is not restricted to a particular program or category. For years as a superintendent, I was advised by county office business managers to use this unstable, unpredictable amount on immediate purchases and not on continuing programs or teacher salaries as the amount fluctuated yearly and was swiftly declining as is demonstrated by the graph of historic receipts to Siskiyou County attached to this testimony (Attachment 3). I would wait until the budget is nearly prepared before adding this small amount of federal funds to instructional supplies, capital outlay, library books and technology.

Schools and counties containing federal lands need more stability than timber receipts provided. They deserve to have this antiquated system changed to provide permanent, stable funding. While S. 1608 provides a floor beyond which receipts can't fall, it promises to continue the instability and may lead to even greater year-to-year budget uncertainty. Is this any way to fund the education of our children?

Representative DeFazio has offered an alternative bill, H.R. 2868, that is supported by the Clinton Administration and by many small school district superintendents and communities. It would provide increased, permanent funding and would not withhold important county money while advisory committees continue forest management debates. It would not hold schools hostage while those dedicated

* The attachments have been retained in subcommittee files.

to cutting timber try to persuade forest communities that their survival depends on the old, discredited concept that increasing timber cutting will bring community stability and better schools.

There are numerous programs in rural counties that provide job retraining and education to displaced timber workers. My organization helped develop these programs in Siskiyou County through our local community college. Small business incentive loans and entrepreneurial business classes and assistance are widely available. Jobs-in-the-Woods programs provide innovative forest job opportunities and marketable ecosystem management skills. To use the important funding you are considering today as a political maneuver with a disingenuous message of community stability or forest health would be detrimental to rural communities. It is time to acknowledge that timber extraction does not equal community stability, that many of these rural areas are already practicing self-determination and are productively pursuing jobs for the new economy of the Twenty-first Century. Americans want fewer managed forests and more wild places and schools need funding that is not dependent on the amount of timber cut on the forests near their districts.

If you truly desire to help rural forest communities, reject S. 1608. The bill contains a fatal flaw. It would tie receipts to a process certain to continue community polarization over forest management practices. Support the alternative measure, H.R. 2868, proposed by Representative DeFazio that would guarantee increased funding, provide for cost-of-living adjustments and end the incentive to increase school funding by cutting timber regardless of environmental and future economic consequences. That decision would indicate real support for the future of rural education and rural communities.

Senator CRAIG. Thank you very much, Carol, for your testimony.

Now let us move to Gene Sirmon, executive director, Mississippi Public Lands Coalition, Brandon, Mississippi. Thank you for your patience. Please proceed.

**STATEMENT OF GENE A. SIRMON, EXECUTIVE DIRECTOR,
MISSISSIPPI PUBLIC LANDS COALITION, BRANDON, MS**

Mr. SIRMON. Thank you, Chairman Craig, Senator Wyden.

You may have to excuse me. I had a bug get on me this weekend, so I do not know if I can get through this or not, but I will try.

Senator CRAIG. Well, we will supply you with adequate water and you can speak softly. Just pull that mike down a little more, if you would, and it will connect better.

Mr. SIRMON. Thank you. Well, I appreciate the opportunity to be here to express the views of the Mississippi Public Lands Coalition on S. 1608.

Our coalition consists of 33 school districts, 34 county governments, 35 or so wood-using plants in Mississippi. In addition, it consists of the Mississippi School Board Association, the Mississippi Farm Bureau, the Mississippi Association of County Supervisors, and the Mississippi Manufacturers Association. We are also a member of the National Forest Counties and Schools Coalition.

On behalf of our coalition, I want to thank you for the work that you have done on S. 1608. I think it is some really good work and certainly headed in the right direction. We realize that, due to the complexity involved in the issues here, that it is difficult to get a law passed that will meet the needs of all the interested people. We assure you we are willing and want to work with you to that end.

In order to meet the expectations of the citizens of Mississippi, the county governments, and school officials, I would suggest that there may be an opportunity to strengthen the bill, and I would like to suggest a few ways that we see, as we go through this testimony, that we may do that.

In the minds of our people, the litmus test of the legislation is whether or not it will stop the decline and stabilize revenues that counties receive under the 1908 law. Will it encourage the U.S. Forest Service to generate acceptable levels of 25 percent funds from managing the timber resources on the national forests? And will it decouple 25 percent payments from timber sales?

Section 3 of the bill does a good job of ensuring that 25 percent payments will be stabilized by establishing a minimum annual payment equal to the highest 3-year average since 1986. Yet, section 4 of the bill, which contains the 25 percent turn-back provision, pretty much eliminates this increase. Just let me give you an example of one of our counties in Mississippi, Perry County, which is one of our larger counties. The 3-year average since 1986 is \$825,000. After the 25 percent is returned to the Forest Service for investment projects, this amount is reduced to \$619,000 and that is less than this county has received in any of the last 6 years.

Our other problems that we see is just the administration of a program of this magnitude. There are 250 counties in the 12 States that make up region 8 of the U.S. Forest Service. In Mississippi, we have six national forests which have 33 counties that contain national forest land. Now, this is important to recognize because each county that contributes money to a resource project will expect a return of some type. Frankly, I think it will be difficult to carry out the program of this magnitude for the following reasons.

The amount of money that some counties receive is quite small, and it may be so small that a meaningful project may not be feasible or cost effective.

We are concerned about the ability of the Forest Service to plan—not only the Forest Service, but counties to plan—and execute a program in light of their current workload and staffing limitations.

In some forests, we may not have revenue producing resource investment projects available that can make the 25 percent payment back to the county possible.

Then too we have the problem of whether or not counties will be willing to wait 3 or 4 years and possibly have to go through the ordeals of appeals and litigation in order to get a project off the ground and get money returned to them.

The National Forest Counties and Schools Coalition has always maintained that the safety net should be a short-term solution which could provide much needed relief to counties until a long-term solution could be worked out. We still believe this is an important component of the bill. While we are here today supporting the need to stabilize local communities and schools through a safety net program, we believe this stabilization must have a sunset date so that the long-term solution will be achieved. I have written in here in my statement a 5-year sunset date. However, Senator Wyden, I think that is open to some discussion and possibly we can work that out.

The House bill also recognized the need to depend on sustainable forest management in its provisions establishing the advisory committees. The guidance for this committee, as Senator Craig stated earlier, in the House bill—and I will just quote that—“ensure that the method is in accord with with a definition of sustainable forest

management in which ecological, economic, and social factors are accorded equal consideration in the management of Federal lands." I think this is very important and I think it is guidance that we should all be able to agree on and hopefully set the tone for future management of our national forests.

On the issue of the safety net payment, we continue to support the House bill that provides that funds to make the safety net payment comes from the agency's operating budget. The very essence of this entire issue is decoupling. If these payments do not come from the agency's operating budget, the result is decoupling. Of course, we are opposed to this. While we recognize that some think this may be punishment to the Forest Service, that is not our intent at all. To us the issue is whether the Forest Service should contribute to the economic well-being of local communities that are surrounded by Federal lands, and we believe they should. In our opinion if the bill is passed in its present form, the real punishment may be to those counties and school districts that are impacted by the lack of timber harvested on national forest lands that are so dependent on economic benefits derived from the national forests.

Mr. Chairman, this concludes my testimony. I would just like to say that the views that I have reflected here today are not just mine. They are the views of about 50 of our leading school officials and county officials in Mississippi as a result of our meeting last Thursday. I also would suggest to you that I understand that maybe we do not know all the inner workings of this bill, and there may be things here that there is room for further agreement on after we learn more about what the intent of the bill is.

Thank you.

[The prepared statement of Mr. Sirmon follows:]

PREPARED STATEMENT OF GENE A. SIRMON, EXECUTIVE DIRECTOR, MISSISSIPPI
PUBLIC LANDS COALITION, BRANDON, MS

Mr. Chairman and members of the subcommittee, my name is Gene Sirmon and I appreciate the opportunity to be here today to express the views of the Mississippi Public Lands Coalition on S. 1608. Our coalition consists of 33 county governments, 34 school districts and over 35 wood using plants throughout Mississippi. Other members include the Mississippi Association of School Superintendents, the Mississippi School Boards Association, the Mississippi Farm Bureau Federation, the Mississippi Association of County Supervisors, the Mississippi Manufacturers Association, as well as numerous individuals who are deeply concerned about the management direction of our national forests.

On behalf of the Coalition I want to thank you for your work in getting S. 1608 written and introduced. Due to the complexities of the problems being addressed in this bill and H.R. 2389 we understand that passing a law that will meet the needs of all interested parties will be very difficult.

However, in order to even minimally meet the expectations of county governments, school districts, forest industry and the citizens of Mississippi, it will be necessary to strengthen some key areas in the bill. In the minds of our people the litmus test of legislation is whether it will: (1) at least stop the decline and stabilize revenues that counties receive under the 1908 law; (2) encourage the United States Forest Service to generate acceptable levels of twenty-five percent funds from managing the timber resources on national forests; and (3) not decouple twenty-five percent payments from timber sales.

It is my understanding that there has been a great deal of effort occurring in both the House and Senate to address these very issues and resolve differences between the two houses of Congress.

SECTION 3: STABILIZATION OF COUNTY PAYMENTS

Section 3 of the Senate bill does a good job of insuring that twenty-five percent payments will be stabilized by establishing a minimum annual payment equal to the highest 3 year average since 1985. This is further insured by indexing to the annual CPI.

Although section 3 of the bill does insure stable payments to counties, at a higher level than the payments of recent years, the 25 percent turn back provision in section 4 cancels the increases in many of our counties. For example, the high 3 year average for Perry County Mississippi, which is one of our larger counties, is \$825,855. After 25 percent is returned to the agency for resource investment projects, the amount is reduced to \$619,391 which is less than the county has received in any of the last 6 years. Only through investment projects that produce revenue can this money be recouped to the counties. The officials of Perry County and many other counties are skeptical that the administration has any intention of entering into any agreements with counties on project that produce revenues. We also know that environmental groups will bitterly oppose any project that includes timber harvesting.

Mississippi is opposed to the 25 percent turn back proposal and, therefore, request that the proposal be dropped completely. An alternative for your consideration is for counties receiving less than \$1.5 million to have the option of not participating in the program.

SECTION 6: LOCAL GOVERNMENT COORDINATION/PARTNERSHIPS

The Senate bill takes a different approach to the long term solution by not including a sunset provision on the safety net. Section 6, promotes local government coordination and community based partnerships which the Senate suggests is a long term solution. While we support the concept of trying to promote local community partnerships, we do not think this is a workable solution in the South. In our opinion, there is no long term solution short of returning to the multiple use system of management that addresses forest health, employment, social and economic concerns of communities. Here are some problems that we hope you will consider.

In the South we have 13 administrative units of the Forest Service in 12 states. There are 250 counties containing national forest lands. In some states, the one administrative unit of the Forest Service may have four to six national forests. In Mississippi, we have six national forests contained in 33 counties. This is important to recognize because each county that contributes money to a resource project will expect a return. Frankly, this will be difficult to carry out for the following reasons: (1) the amount of money some counties receive is so small that a meaningful project may not be feasible or cost effective; (2) we are concerned about the ability of the Forest Service to plan and execute a program of this magnitude in light of their current workload and staffing limitations; and (3) the forest may not have revenue producing resource investment projects available that could make the 25 percent repayment possible.

There are opportunities to implement projects that will benefit the local economy through employment, purchasing of supplies and materials, etc.

There are also opportunities to implement, for example, infrastructure projects that will directly benefit county governments but would not place money in the coffers of school districts. However, schools and county governments are interested in revenue producing projects that pay for textbooks, pay teachers salaries, buy school buses and maintain roads. We do not foresee enough of these type projects for counties to recoup their investments.

The idea of investment projects is a noble one but in the minds of our county officials will be an administrative nightmare. Many superintendents and supervisors believe they will be deprived of 25 percent of the money that is rightfully theirs. Again, our suggestion is that counties who receive less than \$1.5 in annual returns be given the option of not participating in the program.

TERM LIMIT/ADVISORY COMMITTEES ISSUES

The National Forest Counties and Schools Coalition, of which we are a member, has always maintained that the safety net should be short term solution which could provide much needed relief to counties until a long term solution could be worked out. We still believe this is an important component.

We believe that it is essential for management to continue on National Forests and that it should not be the responsibility of the local governments, as provided in section 6, to achieve this. A long term solution, as provided through the house bill, with establishment of a national advisory committee, is a necessity.

While we are here today supporting the need to stabilize local communities and schools through a safety net program, we believe this stabilization must have a sunset date so that a long term solution will be achieved. We believe this sunset date should be 5 years following implementation of the law. Without long term management of the national forests, millions of acres throughout the South are at risk from insects, diseases and fires. In the South the national forests are growing three times as much timber as is being harvested. The underutilized timber, which is desperately needed by the forest products industry, can provide needed jobs and revenues to schools, counties and local communities. Our school boards and county governments wish to make it clear that while twenty-five percent funds are critical to operating schools and counties, the major economic benefits to counties are the added value to the community generated by managing the forests.

The House bill recognized the need to depend on sustainable forest management in its provisions establishing the advisory Committees. The guidance for this committee states in the House bill: "ensure that the method is in accord with a definition of sustainable forest management in which ecological, economic and social factors are accorded equal consideration in the management of Federal lands."

This is a guidance we should all be able to agree with and such guidance should help set the tone for a future solution to the management of our National Forests. We do hope this important item will be included in the final bill.

SOURCE OF PAYMENTS

On the issue of where the safety net payment comes from, we continue to support the house bill that provides that funds necessary to make the safety net payments shall come from the agency's operating budget.

If these payments do not come from the agency's operating budget, the result is decoupling. Of course we are opposed to this. While we recognize that some think this is "punishment" to the agency, this is not our intent. To us, the issue is whether the Forest Service should contribute to the economic well being of local communities that are surrounded by federal lands. We believe they should. In our opinion if this bill is passed in its present form the real punishment will be to those counties and school districts who are impacted by the presence of national forests in their communities and who are so dependent on economic benefits of the forests.

Mr. Chairman, this concludes my testimony and I will be happy to answer any questions you may have or work with you in any way possible to insure that we pass a law that we can all live with. Thank you.

Senator CRAIG. Well, thank you very much. Your testimony is extremely valuable to us. There is no question there is value in the educational process that we are all involved in here in trying to better understand it. Senator Wyden and I would be the first to suggest that we are open clearly to suggestions as to effective implementation and how this would be a better working process.

Let me move through some questions here, and Lynn, let me begin with you.

I noticed you did take note in your testimony of your interest on fuels and fuel reduction. Of course, I think last night that fire you were referencing was about 119,000 acres. It is probably larger today, and that is probably just over the hill from you in an area called Big Bar. That dramatizes for those of us out West the very clear problem we have with forest health and forest conditions in certain critical areas.

As worrisome as the fire is obviously to you and to your community and to the forest resources, let me follow up a little more with your community's emphasis on fuels and salmon. We have had some testimony before and we have already gotten some today from Carol that suggests that communities will have a hard time deciding on projects or that they will be swayed toward timber production projects or extractive kinds of projects.

How easy or how difficult do you think it will be, based on your experience, for communities to agree on projects, and do you think that revenue generating projects would be emphasized?

Ms. JUNGWIRTH. Well, I can only speak from my experience in Trinity County, so let me just let you know what that is. In 1993, we assembled a bi-regional group, and it was made up of a lot of interested local people from many different positions and the Forest Service and the Fish and Wildlife Service. We came to agreement. It took us about 6 months to stop screaming at each other and then about another 3 to 4 months to discover what our common ground was.

We signed an agreement that said we would support each other in the pursuit of the restoration of the south fork of the Trinity River—it is an undammed, anadromous fishery important to the coho—an aggressive fuels reduction program on Federal lands in Trinity County, and the forming of a watershed research and training center so that we could learn how to do the new forestry.

We did not need anybody except helpful funders and the Forest Service EAP program to help us build the watershed center, and that has been a very successful endeavor. We got help from Congress to continue to do work on the south fork and we have been able to work with the Forest Service through partnerships, the CRMP's, the coordinated resource management plan, to do that.

We have yet to have a comprehensive fuels reduction program going on the Shasta-Trinity not because we could not agree, but because the Forest Service priorities would not put the dollars into doing that. So, we have raised money in the State of California through a bond to put that State money up on Federal lands, and we have pushed the Cal Fed process so that the power and water users will begin to pay for long-term maintenance on the public lands, but they will require a Federal match.

We did not have any trouble discovering common ground.

Senator CRAIG. I spend a lot of time with these issues and sometimes I am allowed flights of fancy or some might call it moments of fantasizing, but when you provide resources and people begin to recognize that things might get done, other resources can and do become available. And there is no reason ultimately to craft mechanisms that allow the Forest Service to be able to accept State monies and local monies in this instance because that is ultimately what these monies are—they are community monies or county school district monies—to accomplish the greater good and to multiply these kinds of effects. So, I am pleased to hear you say that.

There is no question that that is part of the long-term intent. We are not suggesting magic overnight. We are suggesting in very real terms the kind of experience you have gone through. We hope that in the end Carol's prediction would be wrong, that because there are incentives here to get things done, instead of just arguing to be arguing, there are consequences for coming together that hopefully we think are very positive.

Ms. WRIGHT. May I make a comment, Senator Craig?

Senator CRAIG. Surely, Carol, please.

Ms. WRIGHT. I am familiar with Ms. Jungwirth's community, and while she paints a very rosy picture, I am very familiar with an environmental group there who feels strongly left out of the process who has just removed themselves from a couple of collaborative processes and would strongly disagree with her assessment of how easy it is to get collaboration. And that is one of my fears. Who will

represent the education community? Who will represent the conservation community? How will we pick and choose and will we pick and choose only those who are most willing to take the middle road and agree? And I am very fearful of that.

Senator CRAIG. Well, I am not suggesting any magic, but I am suggesting that communities at the local level are tremendously talented and capable, and if they know that consensus can produce outcomes, then my guess is they will get right busy at doing it.

Let me ask a question of you, Ms. Wright. I suppose it has occurred to you that the juxtaposition of your testimony and Lynn's demonstrates perhaps inadvertently the soundness of the bill. From Lynn's testimony, I come away with the impression that people in her county would reach agreement on projects that would improve their schools, their lives, and their environment. However, by the exact terms of your testimony, the chance of such an outcome in your county is maybe nonexistent.

Under the terms of the bill, the project investment money that could not be spent in counties like yours would go to counties like Lynn's. Frankly, after seeing taxpayers' funds appropriated to the Forest Service wasted in endless conflict, my guess is I get right excited when I find people who can come to agreement and are rewarded for coming to an agreement, and those who just choose to have conflict, ultimately hurt themselves. There is a little bit of that in this bill. If you would wish to respond to that, you may.

Ms. WRIGHT. I would wish to.

Senator CRAIG. But that is the intent of the bill.

Ms. WRIGHT. And I can tell you that from my viewpoint that intent leads to holding kids and schools hostage to the environment, and I think that is wrong. I think that schools are not more or less important and the environment is not more or less important, and I think you asked a similar question this morning of Mr. Lyons. I think we all believe that there are some equally important things, but that the environment has to be able to be sustained in order to support healthy communities. What that definition of healthy sustainability is is not agreed upon. It is not an exact science. It is not something we have come to terms with. If we had, these would be easy matters.

So, my statement is, would you hold the students in my district hostage because somehow a community organization in Lynn's county came to an agreement? I do not think you would want to do that. I do not believe you would want to do that.

Senator CRAIG. And, Carol, we are not. The bill provides stable funding for the schools. That is something you do not have right now. It provides a baseline of value determined by a 3-year average over an extended period of time.

Ms. WRIGHT. We appreciate—

Senator CRAIG. No. That is guaranteed.

Then we create the incentive for you to come together on other things which we think is very productive.

So, nobody gets held hostage here. In fact, Senator Wyden and I have bent over backwards to try to create stability in what you have rightfully said is a tremendously unstable environment.

Ms. WRIGHT. Sir, may I suggest then that perhaps your bill could state that 100 percent of permanent, stable funding be provided

and in addition to an additional 25 percent for programs that communities could agree upon as a better incentive.

Senator CRAIG. Well, that would be the best of all worlds, and in a world where there is tremendous competition for money back here and where we are struggling right now to see that there is a role for the Federal Government to play in local school funding, which historically we have not, except in timber-dependent communities where a long time ago we tied a relationship to the community—heretofore, that has not existed in other communities, as you know. What you have experienced is a change in policy and therefore a reduction in revenue as a result of that. That is obviously in dispute, but that is the reality.

I would only suggest to you when I came here in 1980 and we were just trying to maintain a payment in lieu of tax money—and certainly your counties that you are familiar with are also familiar with that money. We became beggars at the throne of the Eastern establishment and large private land States that said, why should we be funding you? You have got money out there. Why should the Eastern taxpayer be funding the Western school districts and, in this instance, counties and county infrastructure? And we have consistently battled on that, and we have consistently lost.

We have underfunded it so dramatically over the years that counties even that have relationships with the Federal Government, that do the search and rescue for the Federal Government's recreation for the citizens do not even get paid for that. There is a tremendous disparity here.

And what the Chief is saying to us is let us give you another PILT program. Now, who is hostage here? Quite the opposite is here with this legislation. We do not put you as a hostage. We guarantee you stable funding, and the Chief is only promising a PILT-like program and it is an appropriated thing. I serve on an appropriations committee. Let me tell you westerners are not in the majority there and public land States' Senators and Representatives are not in the majority there. And we are constantly in conflict with our Eastern brethren on public land kinds of issues, even PILT funding.

And that is my frustration. I appreciate yours. You obviously are right out there in the nitty-gritty of it much more so than I, but boy, do I hear from my county superintendents and all of that who are seeing that. And I have seen as much as 50 and 60 percent reduction in school budgets and no way to make it up. I did a series of town meetings in this area in my State this year, and my God, school districts are saying no hot lunch programs, 4-day school weeks. They are not penalizing the kids. They are just trying to get through because there is no tax base to fund it.

Ms. WRIGHT. May I respond to that, sir?

Senator CRAIG. Surely.

Ms. WRIGHT. First of all, I want to say this. One of the reasons the money is so important to schools is because it is unrestricted dollars. In California, as you know, we are struggling with education issues more than many States. Our money is not unrestricted. It is categorical. It is tied to programs, and rural schools do not have those programs. So, much of our money is not increased even though our costs have.

The other thing I want to say is that there are other Federal programs that we cease to have anymore because our population has changed. In my district last year, we lost our Title I funding. That is because our AFDC count went low, and that money is tied to unemployment and AFDC count. Because our people are trying to go back to work, we lost that funding.

But this is not school lunch money funding. That is an entirely different source. This is not school textbook funding. That is not the money we are talking about here. We are talking about a small percentage that enhances programs that allows schools to have more technology, more library books. Yes, it is very important and very necessary funding.

Senator CRAIG. No. I appreciate it. The county I am referring to is 80 percent federally owned and its school districts' budgets were 65 percent Federal money. It had tough choices to make.

Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman. I think it has been an excellent panel and you have addressed so many of the issues eloquently. I have only a couple of additional points.

First, so you know, Mr. Sirmon, the Majority Leader, Mr. Lott, has talked to both the chairman and me about this and made it very clear that this is an extremely important issue to him and we intend to work very closely with you all from Mississippi and the Majority Leader's staff on this.

You all are kind of in a unique situation because some of the parts of the South are having kind of a banner year in the timber area, and we have got to figure out how to do all these formulas so as to be fair to everybody.

Ms. Wright—I think she is aware of this—knows that California would get a significant amount of additional money for its schools over what it is getting today even before you get to this whole debate about the 25 percent and the like, but your situation is different than Mr. Sirmon's. We want you to know we are going to work very closely with you, particularly in your situation.

I noted, Mr. Sirmon, you said you did not know all of the kind of inner workings of what is going on. Suffice it to say, the inner workings—and the chairman and I would be the first to say this—are still going forward as we discuss this with the Majority Leader and our colleagues on both sides of the aisle in the House and the Senate. So, we are going to share this with you and stay at it until we fashion something that works for you all in Mississippi and California.

Lynn, you are sort of going to be our poster child in terms of trying to bring people together in cooperation.

That is the area that I want to explore for a minute. Really the only difference here that has come out is the point that Ms. Wright made and the point you have made, Lynn, and that is Ms. Wright mentioned that people are sitting on Federal money right now in local communities because they cannot agree. I think that is true and nobody is saying that it is going to be a walk in the park to get people to agree. But this approach that we are using with incentives puts in place a very significant, new, concrete incentive to get people to agree. And let me give you an example.

I do not know of a rural community that I represent in Oregon that does not desperately need money for roads. They need money for roads for environmental purposes and for economic purposes. If you do not deal with the antiquated roads, you can have tons of dirt dumped on the fish, and that is bad for the environment. If you do not deal with the roads, you cannot get into the forests, and that is bad for economics.

Under the projects portion of the bill, if you could not agree in your community on a road project—and I happen to think because of the backlog that Mike Dombeck has talked about, the millions and millions of dollars he needs for roads—for the first time you would then have to go to the community and explain why you could not agree on something that everybody acknowledges needs to be done. The roads is just one kind of priority area.

So, do not get the impression that we think this is just going to be a piece of cake and that we pass this and we give out some extra money and everybody is going to smile and say, okay, we are going to now have peace and harmony and light. It is going to be difficult. But I do think the idea of putting in place this concrete incentive to bring people together around something that needs to be done and having to explain it to a community, if they cannot, when another community down the road gets the money is a constructive one.

I think the only concern I really have about what you have said, Ms. Wright—it is interesting. I am not exactly a big right winger in the U.S. Senate. I am a Democrat, proud to be a Democrat, proud to work with my colleagues on lots of issues.

Senator CRAIG. And I do not believe a conversion is imminent.

Senator WYDEN. Right.

[Laughter.]

Senator CRAIG. Please understand that.

Senator WYDEN. But I do not want to see the Federal Government legislate what every county does. I want to see us have an approach in natural resources that gives you the freedom to try your approach, Lynn to try her approach, and to have everybody have some concrete incentives to try to work together. We are trying to fashion a bill so that the Majority Leader can go back and say he worked with the people on this committee to come up with something that works for him, something that works for California, something that works for Lynn's area.

Really the only thing that has troubled me—again, this is a philosophical judgment—is that in some way you offer up the notion that the Federal Government ought to legislate what every county does. And I hope we will not go that route. And I guess I am sounding like a big right winger here, which seems perhaps a little out of context for me.

Do you want to give a response to that?

Ms. WRIGHT. I would love to respond to that. Thank you. I appreciate your remarks. I work closely with some of your southern Oregon constituents.

What I would like to say is this, that communities have struggled, community groups have struggled, communities have worked hard to make the gains that they have made in terms of forest health, in terms of environmental issues, in terms of trying to

reach agreement. We do not want the Federal Government determining everything that goes on in our county either.

But we also do not want to lose ground on some of the struggles we have already made. We do not want to still have to be embroiled in these community struggles in order to have stable, permanent funding for our schools. I might be idealistic by saying to you, then let us have your bill say 100 percent funding and let us have additional funding. I am sure that is idealistic, but the Nation is interested in education. The Nation is interested in their schools.

I might say that I do not see colleagues here talking about roads. When I talked to people in my county before I came, roads are not an emotional issue in my county. Schools are an emotional issue, and I have to repeat what I have said before. While it is very honorable to try and set up communities and get people to work together, thinking and talking, to do it at the expense of kids who are the emotional issue is not fair. The idea is noble. I almost said that in my testimony, and I was afraid that would look sarcastic. The idea is very noble, but not to do it at the expense of kids. I think communities are struggling. I think they are already trying to set up mechanisms, but it is a long way off.

Senator WYDEN. Well, I will only say—the chairman tried to touch on it—nothing happens under this bill or will happen until we lock in permanent increased funding for rural schools. In fact, I am going to put into the record at this point the increase in funds that your school district will get under this legislation before anybody talks about projects. It is a dramatic, documented increase in funding. So, nobody is playing Russian roulette with those kids.

What we are trying to do is look at ways to bring people together. To suggest that that is not even worth trying is a mistake because the alternative is a lawyers' full employment program. That is what we are doing today in natural resources. We have an approach that sends everybody to the Federal courthouse to sue each other. It is great for all these lawyers who are trying to put their kids through college, but it is a lose-lose situation for the communities. The communities do not get what they need in terms of protection for environmental values and they do not get what they need in terms of economic needs.

So, I just hope that you will not wash your hands of the idea of trying to incentivize ways to get people to work together and especially when we do it after we ensure that nothing can happen until you have locked in protection for the schools. Nothing goes forward under this legislation until that funding for schools in rural America is protected beyond any effort to politicize or diminish it. You all have been excellent.

Know that when I talk about towns being on the ropes and shriveling up, that is what they tell me. If you want to come to come to John Day, that is what they told me at the last town meeting. They said, Ron, we have got 17 percent unemployment. If we do not deal with our problems, the summit timber sale and the fuel problems that we are talking about, we are not going to be here eventually. So, this is not something that we are just making up back here behind the dais. This comes from town hall meetings in communities every time I go home.

You all have been excellent.

A good hearing, Mr. Chairman. Suffice it to say, we have resolved all of the issues this morning about our bill.

[Laughter.]

Senator WYDEN. We are ready to pass it through the Congress like grease going through a goose, and we can go to the signing ceremony. I wish it were the case, but we will just work real hard with all of you and all of the other parties and get this done.

Senator CRAIG. Thank you.

Mr. Sirmon, a couple of questions of you before we conclude. I again thank you for your patience and all of your testimony.

You noted that the high 3-year average for Perry County is about \$825,855, and that 75 percent of that is only \$619,391, which is less in timber receipts than the county has received in any of the last 6 years. What do your national forest harvest plans and receipts look like in the next 6 years if present trends continue?

Mr. SIRMON. We just met with the forest supervisor's staff last week on that very issue, and their plan through the year 2005 is to maintain the same level that they are this year. Their level was 150 million. Their sale program was 150 million. They actually accomplished 132 million this year, and it is level for the next 5 years.

Senator CRAIG. So, you do not at least have a serious concern that you are going to see timber receipts going down dramatically in the near future.

Mr. SIRMON. If they continue to perform at the level they say they are going to. But you keep in mind that 8 years ago this level of harvest was 240 million, and it has continued to go down and for no apparent reason other than just not getting the job done.

Senator CRAIG. Are any of those sales embroiled in lawsuits?

Mr. SIRMON. No.

Senator CRAIG. Appeals?

Mr. SIRMON. There have been a few appeals. We did not have an appeal on a timber sale in Mississippi until last year.

Senator CRAIG. How many do you have now?

Mr. SIRMON. Probably two or three. We are resolving those pretty rapidly.

Senator CRAIG. Maybe because they have got the Pacific Northwest shut down, they are moving into your area.

Mr. SIRMON. They are. That is exactly right.

Senator CRAIG. It is exactly right.

Mr. SIRMON. That is exactly right, yes.

Senator CRAIG. Well, the reason I asked that kind of question is we are very concerned that we work with you and that this bill, like Senator Wyden says, is reflective of not just the Pacific Northwest, but the whole of the forests because it must be national in scope and it must be fair and equitable in scope. It is a concern of mine that we do not penalize.

I think Ron has made the point very clearly to Carol that there is an enhancement there, and I just really am repelled at the idea that we are using kids as hostages. I must tell you that my effort all along is to get kids more money. You are one of the few that has come forth with that comment, Carol.

Now, in the instance in Mississippi where we have got to work these equity issues out, it is arguable that we might be penalizing

by redirecting money. I want to make sure that we either hold whole or that these counties recognize they may be in for conflict in the future, not unlike the counties of Oregon and northern California and Idaho and Washington, and therefore stability is a better choice in the end and the flexibility to make some of those choices.

Anyway, enough said from me. Thank you all very much for your testimony. We appreciate not only your advice, but your insightfulness in making this legislation better legislation. Something is going to give on this issue. It has to for the sake of the kids in the schools and the communities. Somehow we have got to devise a mechanism that creates some relative stability in these public land and public resource dependent counties. I hope that we can get that done. Senator Wyden and I have spent a good deal of time trying to craft a bipartisan effort and recognize the importance—I do not call it money coupling. I call it people coupling with the land. And if we divorce ourselves totally from that, I think Gifford Pinchot and Teddy Roosevelt will be right. Bill Clinton will not be able to claim them. They will be able to stand on their own two feet again and say that forests that are not connected with the people at the local level are forests that cease to exist. And we believe that is true.

Thank you all very much for your time.

The committee will stand adjourned.

[Whereupon, at 12:15 p.m., the hearing was adjourned.]

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

THE WILDERNESS SOCIETY,
Washington, DC, October 28, 1999.

Senator LARRY E. CRAIG,
Chairman, Subcommittee on Forests and Public Land Management, Senate Committee on Energy and Natural Resources, Washington, DC.

DEAR SENATOR CRAIG: Thank you for the opportunity to provide additional information about The Wilderness Society's views regarding county payments legislation. Following are answers to the ten questions you sent me on October 6. Please let me know if you have further questions or desire more information.

Sincerely,

MICHAEL FRANCIS,
Director, National Forest Program.

RESPONSES TO QUESTIONS FROM SENATOR CRAIG

Question 1. You indicated that the Wilderness Society supported legislation sponsored by Senator Mark Hatfield and enacted in the 1993 Omnibus Budget Reconciliation Act to create a ten year safety net of payments from General Treasury funds. In fact, we modeled the provisions of S. 1608 after that measure, using almost the same language regarding deriving funds from the General Treasury. However, the Wilderness Society's support of this measure is news to me. Could you provide me any documentation that you supported this measure when it was considered in FY 1993?

Answer. The Wilderness Society recognized the importance of stabilizing county payments in our 1991 report, *Federal Forests and the Economic Base of the Pacific Northwest*. On page 84 of that report, we expressed support for the guaranteed funding provided by Congress in the FY 1991 appropriations act. Regarding the 1993 legislation, our public policy staff verbally communicated our support to Senator Hatfield's Chief of Staff.

Question 2. You also indicate that the Wilderness Society supports current legislative efforts by Congressman Don Young and others to guarantee full funding for the PILT Program. That was also a surprise to me. Even more surprising is the notion that the Wilderness Society has weighed in favoring increased PILT funding in any of the recent Appropriations cycles. Could you provide any documentation concerning the Wilderness Society's position on these issues?

Answer. The Wilderness Society has been a part of the Conservation Reinvestment effort for 18 months, working with Senators Murkowski, Landrieu, Boxer and Bingaman on the Senate side, and a parallel effort with Congressmen Young and Miller in the House. We spent over a month this past summer meeting with the Farm Bureau, Cattleman's Association, and Homebuilders to discuss common ground on exchanges and land acquisition. Ted Roosevelt IV testified before the Senate Energy and Natural Resources Committee on behalf of the Wilderness Society and the conservation community at large. Our testimony is a matter of public record with the Senator and House Interior Subcommittees, which contains references to our support of full funding for PILT.

Question 3. You indicate that, while future timber revenues are unlikely to exceed the guaranteed payments provided by S. 1608 in the Pacific Northwest, that is not the case with respect to many National Forests in the East and elsewhere in the Country. In fact, I believe it is the case in virtually every National Forest, given the sharp reductions in timber sale levels in places like Pennsylvania and Florida as we heard earlier. But just to be sure, why don't you provide me a list of each National Forest where you don't believe this is the case.

Answer. According to data contained in a August 5, 1999, Congressional Research Service memo, the following 19 national forests produced their all-time high receipts in 1998, and therefore would be likely forests to exceed their guaranteed payment level.

Deerlodge
Helena
Lewis & Clark
Arapaho
Grand Mesa
Medicine Bow
Caribou
Fishlake
Manti-LaSal
Angeles

Ozark
Sabieffe
Chequamegon
Chippewa
Green Mountain
Monongahela
Nicolet
Ottawa
White Mountain

Question 4. You indicate that the bill shelters receipts that are deposited into only 4 of the Forest Service's Trust Funds, but would not protect a variety of other Forest Service accounts, including the Brush Disposal and Range Betterment funds, which are funded by receipts. I have several questions in this area. First, where in the language do you find the limitation to only 4 trust funds. Section 4(d) talks about deposits to any trust fund. That seems to be drafted broadly enough to allow the Secretary to protect the Brush Disposal and Range Betterment funds, as well as any other trust fund. Where do you read the language differently?

Answer. Section 4(d) of S. 1608 provides that the first source of county payments will be agency receipts "exclusive of deposits to any relevant trust fund . . ." In comparison, Section 5(d) of H.R. 2389 (Rep. Deal's county payments bill) provides that the source of county payments will be agency revenues and appropriations "except . . . funds from trust or other special accounts established for use by the Forest Service for specific uses" (emphasis added). Since S. 1608 only refers to trust funds while H.R. 2389 refers to trust, funds and special accounts, the clear implication is that S. 1608 would only exempt trust funds and not special accounts. As discussed in the 1997 CRS report, *The Forest Service Budget: Trust Funds and Special Accounts*, the Forest Service has 16 special accounts and 4 trust funds.

Question 5. Now, since you oppose the lack of protection for these "environmentally beneficial" (your phrase) trust funds, I assume you support the continuation of these trust funds, and will oppose the upcoming Administration recommendation to eliminate them? Alternatively, if you're going to support eliminating them anyway why should you care if we draw money from them for this bill?

Answer. The Wilderness Society supports in principle the elimination of trust funds and special accounts that are funded by federal land management activities because they provide an adverse financial incentive to manage the land in ways that generate maximum revenues regardless of environmental impacts. In lieu of using these off-budget funding mechanisms, we generally favor depositing land management revenues in the Treasury and funding the appropriate activities through increased appropriations. Unfortunately, perennial congressional underfunding of programs such as wildlife habitat management has forced the Forest Service to rely on timber-funded trust funds like the K-V fund to pay for some environmentally beneficial activities. Our concern with S. 1608 as currently drafted is that activities currently funded through trust funds and special accounts would be drastically reduced or eliminated, since Congress has demonstrated little interest in increasing appropriations for non-receipt generating management activities.

Question 6. You object to the federal share of the money resulting from any revenue generating projects, going directly to the local Forest Service or BLM unit. Under the provisions of the bill, the money can be used only for ecosystem restoration or road maintenance. Are you opposed to ecosystem restoration and road maintenance?

Answer. The Wilderness Society supports funding for scientifically and ecologically sound ecosystem restoration and road maintenance, but we do not believe S. 1608 provides an appropriate or effective funding mechanism for those activities. S. 1608 would allow county payment money to be spent on timber sales and other ecological detrimental activities. Under Section 6(a), "eligible projects" for funding are broadly defined to encompass "both commercial and noncommercial activities, involving resource management, stewardship, restoration, or development." Section 6(b) simply requires that the projects comply with agency management plans and environmental laws and be approved by the agency. Thus, timber sales and other "commercial resource management activities" would be eligible for funding. Since the local county and agency officials would receive the receipts from the projects, there would be a strong financial incentive to select timber sales and other revenue-

generating projects, rather than invest in noncommercial ecosystem restoration and road maintenance.

Question 7. I was also surprised to find in your testimony that the Wilderness Society objects to the bill's requirement that the Forest Service and BLM establish local advisory committees for National Forest lands. Point five of the Wilderness Society's "Vision for the National Forests for the 21st Century" is that "citizens shall have the opportunity to participate in the decision making processes affecting their public forests." The Society's vision goes on to say that "the Forest Service should foster informed public involvement by making data and other relevant information readily available to interested citizens, and by rewarding managers who work well with the public." Frankly, we thought we were being responsive to this part of the Wilderness Society's vision? So tell me what we missed?

Answer. The Forest Service already has the authority to establish advisory committees under Section 14(b) of the National Forest Management Act. We believe that that advisory committees should be part of the agency managers' "toolbox" to foster public participation. However, for the reasons we stated in our testimony, we do not believe that S. 1608's requirement to establish local investment project advisory committees would promote effective public participation, community well being, or sound land management. Furthermore, it would make little sense to have legally-mandated 15-member committees for all 155 national forests, when many of those forests would receive meager funding for eligible projects. For example, according to CRS data, only two of the 18 forests in the Intermountain Region would receive more than \$50,000 per year.

Question 8. If you don't believe that local interests should alone be involved, are you in agreement with the witnesses on the previous panel that we should adopt the National Advisory Committee provisions of the House bill?

Answer. We strongly oppose the Forest Counties Payments Committee established by H.R. 2389. The mission of the Committee would be to generate all-time high county payments "through revenues collected from the historic multiple use of Federal lands." That strikes us as an unrealistic and anti-environmental effort to return the national forests to the hey-day of timber dominance. The Wilderness Society would consider supporting a national committee charged with examining the existing county payments systems for national forests and other federal lands and recommending long-term changes that would make federal land payments more stable, equitable, and consistent with environmental conservation.

Question 9. You say in your testimony that the local advisory boards would be biased towards revenue producing projects. But S. 1608 requires that the boards have representatives from diverse interests, including members of your organization who might be active in local areas. Wouldn't your desire for balance in the projects selected by these boards be represented by the local community members of the various environmental organizations?

Answer. Given the adverse fiscal incentives and broad range of eligible projects for funding (see answers 6 & 7 above), we would foresee little support or interest in the advisory committees among local conservationists.

Question 10. I am a little confused by your testimony where you link Forest Service receipts almost exclusively with timber harvesting, and then mention other revenue producing activities that are important uses of the forests such as commercial fishing, and recreation. If S. 1608 allowed counties to invest in the development of these kinds of recreation projects in order to share in the revenues, would that not be a valuable use of the forest lands?

Answer. Timber sales are the source of the vast majority of the revenue for 25% payments to counties. Commercial fishing and recreation are very important economic uses of the forests, but very little of the revenue they generate goes to the Forest Service or into 25% payments.

RESPONSES OF PHIL DAVIS, VALLEY COUNTY BOARD OF COUNTY COMMISSIONERS

Question 1. Let me see if I can paraphrase your concerns about the consensus groups envisioned by S. 1608. Lets say your county forms a consensus, group including, among others, folks from local environmental groups. And the consensus group agrees on some forestry, or ecosystem restoration, project. You believe that some environmental group would abandon their local companions, and tie the projects up in litigation. Did I understand your concern correctly?

Answer. In response to question 1, that is exactly my concern. The actions of 140 so-called environmental groups opposing the Forest Service Decision on the Quincy Library Group plan is a perfect example of my concern. As an example, it is my

understanding the Sierra Club was asked to participate at the beginning of Quincy but declined. Yet now they are threatening to appeal the decision.

Question 2. If so, is there any legislative language that you could suggest that might minimize those challenges after the fact?

Answer. My suggestion to question 2 is language prohibiting the ability to appeal if given the opportunity to participate, but decline. If a participant is not satisfied they could appeal on legal or procedural issues.

Question 3. Could you describe how well your board of commissioners works with local environmental interests?

Answer. For question 3, we have had limited involvement with environmental interests, although I have met with John McCarthy of the Idaho Conservation League which led to some promise of cooperation. My suspicions were confirmed however, when he acknowledged some issues which his organization opposed were stances taken to satisfy and/or enhance membership in that particular organization. As an example, he agreed thinning may protect the forest from catastrophic fires, but he would not openly support the method.

Question 4. Do you have any experience with other types of county projects that require building consensus among people that have a variety of opinions?

Answer. Concerning question 4, I can point out several experiences where coalitions were built out of often unlikely groups, and in which consensus was achieved. Valley County recently voted in a Recreation District for the south end of the county. Involved are agencies and representatives from the State of Idaho, Valley County, the City of Cascade, the Fair Board, the University of Idaho Extension Agent and volunteers from the newly created Recreation District Board who themselves come from very diverse backgrounds. These stakeholders have worked towards one common goal and have built an understanding of the rates they can and must play in order to achieve the success of the ambitious plan.

Question 5. If so, how well did these projects turn out?

Answer. Another example is the achievement of the High Elevation Parking Area, which required the consensus of diverse interest groups such as those representing Friends of Nordic and Alpine Skiers, snowmobile clubs from throughout the central Idaho area, the Forest Service, Brundage Mountain Resort management, Valley County and Adams County officials. These groups began by being representative of their own interests and not all were interested in working together for the best possible solution. It didn't take too long (a few seasons) for all involved to realize that the only way a viable solution would be accomplished was if all joined, compromised and worked together. The result was a completed project that was actually something much more outstanding than would have been accomplished individually, for the good of only one interest. My colleague, Commissioner Thomas Kerr worked diligently to turn the stagnant and divisive controversy into consensus. The hard work was wholly worth the effort.

Question 6. I agree with your remarks in your testimony to keep the decision making authority at the community level. Do you think that the bill as written could be misconstrued to promote management decisions at the national level?

Answer. Yet another example has been in working with several land use issues in Valley County. It became very clear that problems were occurring when decisions were made arbitrarily or processes were not clear. This was primarily occurring with the Planning and Zoning Commission and the various developments that have been proposed for the area. Once we achieved consensus on the due process procedures under which to operate, the "pro growth" and "anti-growth" groups have been able to focus on the democratic processes for proposals, allowing the process to work for the best common outcome, regardless of or perhaps because of individual opinion. To carry this example further, in the situation currently at hand—the *WestRock* proposal. This is a very large and ambitious resort development proposal currently treading its way through the processes. We are working towards building this relationship with the State of Idaho, and the Forest Service, as we can plainly see the integration of many agencies and individuals who are or will be stakeholders. Because we are working with the developers, the proponents and opponents, we have so far been provided with significant feedback and integrated this into the plans. This in turn has provided all groups a great deal of local control and continued input. This is no small feat for such a highly charged issue as growth. We are also aware of the continued need to diligently work towards maintaining this momentum and the integrity of the process. It's a delicate balancing act, but entirely possible and proven to be so.

Question 7. If so, could you suggest some provisions that might keep the decisions local?

Answer. My questions concerning decisions at the national level was that it appeared the Secretary would make all appointments. These should be made no higher

than supervisory level. I also feel it should be clear that larger authority should be given to local elected officials than other interest groups. Accountability as well as effective management decisions would be better achieved by this level of authority.

Thank you for the opportunity to respond to these follow-up questions.

Respectfully submitted,

F. PHILLIP DAVIS.

RESPONSES OF STEVEN K. TROHA, ALLEGHENY FOREST ALLIANCE

Question 1. You are concerned that S. 1608 does not specifically say "no" to the decoupling of payments to counties from forest receipts. That is correct in part. What S. 1608 does emphatically say "no" to, is decoupling federal land management from the interests and involvement of local communities. Which is more important, protecting against decoupling payments or decoupling management?

Answer. Simply stated, both are equally important. For this to work as legislation that affects the entire Nation of diverse communities and forests we need to protect against both the decoupling of payments and management.

Question 2. You indicate that a provision is needed that would require multiple use management so these valued funds are not wasted as trees rot on the ground. Could you be more specific about what you have in mind here?

Answer. Yes. I was referring to the idea within House Bill 2389 that holds the Forest Service fiscally responsible.

Question 3. You indicate that while S. 1608 has several good points, in its present form it would not be beneficial to your communities around the Allegheny. Your testimony vividly demonstrates that the problem we've been discussing is not limited to the Western United States. I wonder if you could provide me some illustrations of how your schools have suffered.

Answer. This year, the schools in our four counties have suffered tremendously. Last year, Warren County schools received \$901,775.12 compared to this year's estimated \$355,416.01. Forest County schools received \$752,937.93 last year, and expected to only get \$296,601.55 this year. McKean County was allocated \$774,303.25 last year, and \$305,112.53 this year. Numbers are similar for Elk County schools that got \$631,873.10 last year, but is expected to receive only \$249,031.97 this year.

Question 4. I am happy to hear that you are satisfied with the Forest Service's past efforts at managing the Allegheny Forest. How would you characterize your working relationship with the local Forest officials today? Do you feel that the local officials value the input from you and your organization?

Answer. I am personally very satisfied with my working relationship with the Forest Service today. They are more than willing to listen to concerns of our community and are also very happy to educate the public, including myself, about the science behind forest management. I do feel that the local officials value the input from my organizational and me. They understand that we have a severe problem in our area, but we understand that they are tied down by the constraints of the laws that allow for groups manipulate the system that governs them.

Question 5. Now, with regard to your statement that the bill is not beneficial to your community around the Allegheny, how would your community be better off if the only choices were passage of this bill or no action by Congress?

Answer. Fortunately, these are not the only choices. If we need one, though, the obvious choice is passage because our schools and townships would receive much needed funds. People may lose their jobs and will be forced to relocate, though, and, in the end, projects like road maintenance and school funding will not be necessary because there will be no people living here.

RESPONSES OF JANE O'KEEFE, LAKE COUNTY COMMISSION CHAIR

Question 1. Historically, what percentage of your county's discretionary budget has been provided by the Forest Service's payments?

Answer. Historically no part of our county's discretionary budget has been provided by Forest Service payments. Money from the Forest Service payments is required to be spent on county roads and road related items. Forest Service payments fluctuate from year to year, but an average 90% of our county road budget revenues have been provided by Forest Services receipts.

Question 2. Do you happen to have any idea what proportion of the local school budgets have been from Forest Service payments?

Answer. School funding in Oregon is provided by the State of Oregon. Any Forest Service receipts received by local schools reduce the states contribution to the dis-

tricts. Historically Forest Service receipts have provided from 25% to 10% of local school revenues.

Question 3. Does the State of Oregon prescribe how the Forest Service payments are split between Schools and Roads?

Answer. The State of Oregon prescribes that 25% of Forest Service receipts go to schools and that 75% go to counties.

Question 4. If not, how does the county determine the split?

Answer. N/A.

Question 5. If so, has it changed over time, or are there changes anticipated in the future?

Answer. To my knowledge the split has not changed over time and there are no changes anticipated in the future.

Question 6. How would you characterize the relationship of the community and the Forest Service? What I was wondering was how effectively the people of Lake County might be able to work together to agree on projects funded by the money in this bill?

Answer. The communities of Lake County have a very good relationship with the Forest Service, local government and local Forest Service personnel make great efforts to keep each other informed and to work together when ever possible. I predict that the people of Lake County will be able to agree quickly and effectively on projects funded by the money in this bill.

Question 7. You said that you would like to extend the availability of funds provided to the county to two years. What would you think about phasing in to a one year cycle; say giving you a couple of years where its available for two years, then going to one?

Answer. Phasing in from a two year to one year Cycle would be an acceptable compromise. My main reason for supporting a two year cycle was to allow us to build up our funds over a two year period to invest in more expensive projects if necessary.

COUNTY OF HOUSTON,
Crockett, TX, October 12, 1999.

Hon. LARRY E. CRAIG,

Chairman, Senate Committee on Energy and Natural Resources, Subcommittee on Forests and Public Land Management, Washington, DC.

DEAR CHAIRMAN CRAIG: I enclose my response to written questions submitted to me by the Committee. Again, I thank you for the opportunity to appear and testify before the Committee.

Very Truly Yours,

R.C. (CHRIS) VON DOENHOFF,
County Judge.

RESPONSES OF R.C. (CHRIS) VON DOENHOFF

Question 1. You have made some very good suggestions in your testimony. You suggest that both the county government and the school districts be able to nominate people to the advisory committee. Do you think the bill should say that specifically?—Or do you think that the counties will be able to coordinate the nominations without more formal procedures being added to the bill?

Answer. I believe that it would be better, to avoid future confusion, to provide that all governmental entities receiving funds shall be entitled to place names in nomination to the Advisory Committee.

Question 2. In your testimony, you mentioned the need for access to experts to assist the county. The bill gives the Forest Service the authority to provide staff assistance. Would that satisfy the Houston County needs?

Answer. Certainly, I believe the Forest Service can provide valuable staff assistance, however, I believe that it will be necessary to receive "outside" assistance from experts in order to satisfy the diverse interests that will be represented on the Advisory Committee.

Question 3. If not, what kind of help do you feel is needed?

Answer. For our region/forest, we would be likely to request the assistance of experts in one of the nearby universities (example: Stephen F. Austin University, Nacogdoches, Texas), which should be available at little or no cost.

Question 4. Could you tell the committee a little about the forest-based economy of your county and your neighbors? How much does this economy rely on the National Forests to meet the needs of this economy?

Answer. The eastern one-third of our economy is almost entirely forest-based. When timber harvesting is reduced or terminated, the people employed in the forest lose their jobs. Typically, they are independent contractors. Not only do the timber harvesters lose their job, but also the people who service their equipment, sell them their equipment, sell them groceries, and the other staples of life also suffer. In our county, the small communities of Kennard and Ratcliff be entirely within the boundaries of the national forest. Their economies are almost entirely forest-based. Whenever there is a loss of revenue from the forest, every business in those communities suffers immediately. The Kennard Independent School District has the majority of its land occupied by the Davy Crockett National Forest. Therefore, when forest revenues are lost, it places an extreme burden upon the district and its taxpayers. Children's education suffers.

LIBERTY COUNTY SCHOOL SYSTEM,
Bristol, FL, October 18, 1999.

Mr. LARRY L. CRAIG,

Chairman, Senate Committee on Energy and Natural Resources, Washington, DC.

DEAR SENATOR CRAIG: Thank you for allowing me to testify before the Senate Subcommittee on Forests and public Land Management on Tuesday, October 5, 1999. Enclosed my response to the questions you submitted. If you have any further questions or comments please do not hesitate to contact me.

Sincerely,

JACK H. "HAL" SUMMERS, JR.,
Superintendent of Schools.

Question 1. In your testimony you told how your district filed a claim against the Forest Service last month for damages to the school system due to the change in the management of the Apalachicola Forest. What was the basis for the claim?

Answer. There were and are no scientific or commercial data available which support the conclusions reached, the restrictions imposed or the management of habitat for the Red Cockaded I Woodpecker that is proposed by the Revised Plan, the Plan FEIS or the ROD. In consequence, the preparers of the Plan FEIS were unable to, and did indeed fail to, reference by footnote (as required by 40 CFR 1502.24 the scientific sources that they relied upon to reach their conclusions. There is no evidence that these restrictions have had or will have a beneficial effect on the species. To the contrary, the best available scientific evidence, in the form of peer-reviewed and published research, contra-indicates the use of the standards and guidelines imposed. During the period when these standard and guidelines were in place the woodpecker population on the Apalachicola National Forest declined by 18%. In violation of the requirements of 16 USC 1536, 40 CFR 1502.24, and other regulations, Forest Service failed to use the best available scientific and commercial data in preparing the Revised Management Plan for the national Forests in Florida. There is no evidence that the Forest Service has, as required by 42 USC 4321, et seq., as codified in 50 CFR 1502, 1508, et seq., as considered at any time the social impacts of the implementation of the RCW Standards and Guidelines which were incorporated in the plan. (See-Cited Laws and Regulations).

Question 2. Do you have any feelings about how that might turn out?

Answer. No, however, the Forest Service has asked for an audience to discuss the Administrative Appeal.

Question 3. Of the 1,300 school children you have in Liberty County, some of those must be children of Forest Service employees that live and work in the area. Is that correct? Do you hear anything from those Forest Service parents about the plight of your schools?

Answer. A majority of the Forest Service employees that work in Liberty County live in Calhoun County. In fact, I am not aware of any employee of the Forest Service that has children in the schools in Liberty County. Some of the older employees still reside in the County, but have no school age children.

Question 4. Your testimony also notes that the situation has the highest impact on the rural poor and minorities. What percentage of your 1,300 children are minorities?

Answer. 15-18%.

Question 5. You referred to a figure in your testimony that shows that harvests from national forest timberlands were 13% of the new growth, and that twice that amount was lost to natural mortality. Does the health of the forests in Liberty County reflect those national statistics?

Answer. In 1998 the Forest Service harvested about 2% of the net annual pine saw timber growth and 14% of the total net annual pine growth on 528,000 acres of timberland in the Apalachicola National Forest. This means that annual growth of timber was about 800% greater than the volume harvested. The saw timber growth is 50 times greater than the volume harvested. The mortality rate of the Apalachicola National Forest is approximately twice that of the annual pine growth.

Question 6. In your testimony you suggest a time limit on entitlement under S. 1608. Could you expand on the need for that and what kind of time limit you think is appropriate?

Answer. I support legislation to solve our local economic and social problems, however, entitlement does not directly address the resource problem and that being proper management of our National Forests. Entitlement focuses on the symptom (reduced 25% returns) rather than the disease (improper management of our Forests. The time limit I would propose is 5-7 years.

QUESTIONS FOR SHIRLEY RINGO, IDAHO STATE LEGISLATOR

1. In your testimony, you indicated that, during the last legislative session, you asked the Idaho State Legislature to take favorable action on a Memorial directing our Congressional Delegation to seek action that would stabilize payments to counties. You included that draft Memorial with your testimony. However, that draft Memorial never passed the State Legislature, did it?

2. In fact, a different State Memorial passed the Legislature by a vote of 59-1. Is that not correct?

3. Who was the one dissenting vote on the Memorial that did pass the Idaho State Legislature?

4. In fact, the Memorial passed by the State Legislature requests the Congressional Delegation representing Idaho to "support legislation that would stabilize payments made by the United States Forest Service to the counties of the State of Idaho by increasing the annual timber harvest from federal lands within the State of Idaho to the allowable sales quantity levels outlined in the current forest plans." I am sure that, if S. 1608 took that approach, you would oppose it even more strenuously. However, I elected to support an alternative with Senator Wyden which, frankly, more closely corresponds to your proposed Memorial. Therefore, I am frankly perplexed as to why you oppose S. 1608. I am also disappointed that, having failed to secure any attention for your position in the State Legislature, you tried in your testimony to represent it as something that the Legislature might recommend to Congress when, in fact, you were the only vote against the resolution that did pass the State Legislature. Would you like to respond?

5. I don't necessarily agree with your observations that there is a linkage in S. 1608 that would make the steady stream of county payments dependent on exploiting the forest resource. Even if your county did no work at all with their Forest Service payments, wouldn't the county still receive a steady, predictable support for the schools and roads?

6. And I think you will agree that the bill doesn't allow counties or the advisory boards to circumvent NEPA, or the Forest Plans, or applicable environmental laws. So can you tell us why you would be concerned about the environmental effects of any projects that might be funded by the bill?

RESPONSE OF SHIRLEY RINGO, IDAHO STATE LEGISLATOR

October 20, 1999.

Senator LARRY CRAIG,
Chairman, Senate Subcommittee on Forests and Public Land Management

DEAR SENATOR CRAIG: I received your questions concerning my appearance before the committee on October 5. There are six questions to which I am to respond. The first four seem aimed at discrediting my testimony and suggesting that I misrepresented my position. I feel compelled to address that issue first.

My testimony was that in my position as State Representative, I asked the Idaho House of Representatives to pass a memorial requesting our delegation in Washington D.C. to press for legislation that would stabilize payments to counties. I expected questions from the committee following my remarks, and was fully prepared to respond to questions regarding the fate of this memorial. It did not pass. If it had, I certainly would have made an issue of that fact. Indeed if the vote had been favorable, the House Leaders would have sent someone other than me to represent it. It is quite unfair to suggest I attempted to deceive the members of the Senate Committee.

It should be noted that polling shows that Idahoans favor caring for public lands in numbers in excess of the 1 to 59 ratio represented in the vote by Idaho House members. There is a constituency that is highly under represented in Idaho's state government. These people deserve to be heard. I testified in front of your committee, mostly at my own expense, to give them a voice.

The final two questions address my concerns about S. 1608.

Let us suppose that Latah County, in my legislative district were to receive \$304,000 from this program. \$76,000 would be taken for the investment project, leaving \$228,000 in guaranteed funds. In order to restore that \$76,000 to our county for much needed support for schools and roads, we would need to engage in a project that would produce at least two times that amount—\$151,000. If any of the money is deposited in relevant trust funds, as noted in (7)(c)(1), division of funds, it could be necessary to generate far more than \$152,000. Thus if the counties are in need of money, they may feel compelled to engage in serious revenue-generating activities on our public lands, which may not be consistent with best practice.

You expressed the belief that S. 1608 doesn't allow counties or advisory boards to circumvent applicable laws. My concern centers around the games I have seen in the attempt to increase resource extraction, and resulting litigation, and around the extreme pressure exerted by lobbyists and members of the resource-extracting industry. While projects may wait to be argued, litigated, and delayed by demonstrators, children in schools are going without desperately needed money.

I believe most sincerely that it is in the best interest of all concerned to completely separate payments to counties from revenue-generating activities on public lands. By mentioning the memorial I proposed to the Idaho Legislature, it was my intent to reflect that this has been an ongoing concern of mine.

Future generations depend upon our foresight and courage. I strongly urge that you consider the following:

Separate payments from revenue-generating activities, ensuring a predictable, uncomplicated flow of funds to the counties for schools and roads.

Establish committees with fair representation from interested parties to plan for the future of our public lands, considering such factors as:

1. Establishing the amounts and locations of appropriate resource extraction,
2. Promoting a national ethic concerning consumption, to avoid imposing environmental problems upon other countries,
3. Reviewing locations of roadless areas, taking care that they are not isolated from other rich segments of the environment;
4. Determining locations for the use of off-road vehicles.

We must act now to best address the needs of all who use and enjoy our lands.

The hard work of your committee is appreciated. It is my hope that you will consider these ideas.

Sincerely,

SHIRLEY G. RINGO.

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